



Chapter 5 Other areas of public interest

## Extension of the Financial Assistance Scheme

**224.** The Chancellor, in his Budget statement on 21 March 2007, announced that the Department for Work and Pensions would significantly extend the help provided by the Financial Assistance Scheme (FAS). FAS provides help to the members of occupational pension schemes who lost some or all of their pensions due to employer insolvency and where the scheme started to wind up between the years 1997 and 2005 (when the Pension Protection Fund came into effect).

**225.** The extended scheme will now provide assistance to ensure that the pensions of all members of affected pension schemes are topped up to 80 per cent of the core pension rights accrued in their scheme, subject to the cap.

**226.** The cap on assistance payments is increased to £26,000, and the de minimis rule that excludes those whose FAS payment would be £10 or less a week is removed. FAS payments commence at 65 are effectively 'inflation proofed' up to that age.

**227.** In total an estimated 100,000 pension scheme members will benefit from this extension. 85,000 scheme members will be eligible for assistance for the first time. Around 15,000 people who stood to benefit from FAS under the current scheme will receive more assistance due to the extension.

**228.** As a result, all the estimated 125,000 people with losses will be

helped. This increases the taxpayer's commitment from £2.3 billion in cumulative cash terms, to £8 billion. This equates to more than doubling the scheme in present value terms, from £830 million to £1.9 billion.

**229.** Subject to Parliamentary approval, these changes will be in place by the end of 2007.

## Better regulation

**230.** The Department is committed to reducing regulatory burdens wherever possible, and to minimising the impact of any new legislation. This commitment recognises the need to strike the right balance between avoiding unnecessary burdens on business, charities and voluntary organisations, and protecting the interests of citizens.

**231.** The Department's Better Regulation Minister is responsible for promoting the better regulation agenda at ministerial level in the Department.

**232.** At board level, the Director General of Strategy and Pensions promotes better regulation in the Department, and supports the work of the Better Regulation Unit which is part of the Strategy Directorate.

**233.** The Better Regulation Stakeholder Group, chaired by the Better Regulation Minister, engages directly on the administrative burdens reductions exercise and the simplification plan. The group includes representatives from employers' organisations, large and small businesses, trade unions, the third sector, local government, the Pensions Regulator and the Pension Protection Fund.

**234.** The Government's Better Regulation Action Plan<sup>1</sup> set a clear focus for the better regulation landscape this year, in particular the Administrative Burdens Measurement Exercise (ABME) and publication of the simplification plan<sup>2</sup>.

**235.** The Department took part in the ABME to quantify the administrative costs incurred as a result of complying with regulation requiring the provision of information. This provided a starting point for setting reduction targets and highlighting the areas to focus upon. ABME identified 53 pieces of the Department's regulation that placed an administrative cost falling within the scope of the exercise. The net administrative burden regulatory baseline was agreed to be around £471 million a year at 31 May 2005.

**236.** Government Departments have been set a target of reducing this burden by 25 per cent by 2010. For the Department for Work and Pensions, this target amounts to achieving reductions of £118 million a year and is net of any new administrative burdens imposed by the flow of any new regulations.

**237.** The results of ABME have identified the distribution of burdens across the Department's regulation and suggests that the focus should be on a small number of regulations and obligations in key policy areas such as private pensions, Statutory Sick Pay and Housing Benefit.

**238.** A high proportion of the Department's regulation applies to businesses of all sizes, although some have small business exemptions. Many of the most costly burdens affect very large

populations, it is the sheer number of pension schemes, members of those schemes, or employees, which drives the cost rather than the actual cost per firm of complying with the regulation.

**239.** Stakeholders are welcome to make simplification proposals. A dedicated e-mail address<sup>3</sup> is available on the Department's website<sup>4</sup> for stakeholders to submit well-reasoned proposals of simplification.

**240.** The simplification plan, published in December 2006, sets out 40 proposals to simplify and clarify the stock of regulation, and plans to reduce administrative burdens on business by 25 per cent (£118 million) by 2010. It also sets out a number of reviews which the Department is taking forward to meet or exceed this target.

**241.** The Department has established a Statutory Sick Pay review working group of external and government stakeholders to review the scheme. The group is reviewing the provision for short-term sick pay for employees, and will provide a preliminary report to ministers in spring 2007, and agree final recommendations by mid 2007.

**242.** The Department has established a rolling deregulatory review of the burden on pension schemes. This will report to ministers in spring 2007.

**243.** The Government is also reviewing the organisations involved in the regulation and protection of work-based pensions. The aim of the review is to encourage debate and build consensus, and will report with reasoned

1 [www.cabinetoffice.gov.uk/regulation/documents/pdf/action\\_plan.pdf](http://www.cabinetoffice.gov.uk/regulation/documents/pdf/action_plan.pdf)

2 [www.dwp.gov.uk/aboutus/better\\_regulation/simplification\\_plan.pdf](http://www.dwp.gov.uk/aboutus/better_regulation/simplification_plan.pdf)

3 [simplification@dwp.gsi.gov.uk](mailto:simplification@dwp.gsi.gov.uk)

4 [www.dwp.gov.uk/aboutus/better\\_regulation/](http://www.dwp.gov.uk/aboutus/better_regulation/)

recommendations to ministers in spring 2007. Both of these reviews are being led by independent stakeholders.

**244.** In general, the Department is not a major regulatory department – the majority of its regulations involve social security benefits. During 2006-07 two bills (Welfare Reform Bill and Pensions Bill) were introduced to Parliament; and 51 sets of regulations were brought forward – significantly fewer than in recent years.

**245.** Better Regulation principles are applied rigorously via the use of Impact Assessments. The Department's Capability Review<sup>5</sup>, overseen by the Cabinet Office, drew attention to the strong record of evidence-based policy making. An example of the Department's analytical work can be seen in the Impact Assessment<sup>6</sup> which accompanied the White Paper on pensions reform *Security in retirement: towards a new pensions system* and was strongly commended by the Better Regulation Commission.

**246.** The Department is fully committed to rigorous and inclusive consultation. Effective use of stakeholder groups has promoted better policy making and improved service delivery. The Department undertakes public consultations in accordance with the Code of Practice on Consultation<sup>7</sup>.

**247.** Ministers have exercised their discretion on occasion not to conduct formal consultation exercises. These more limited consultations adopted best practice from the code. Limited consultations have been informed by

ongoing discussions with industry representatives. The Department's agencies and independent regulators also follow the principles of better regulation.

**248.** The Pension Protection Fund is a public corporation and, as such, does not fall within the remit of the Hampton Review<sup>8</sup>. However, The Pensions Regulator was established in line with Hampton principles and recommendations.

**249.** The Pensions Regulator has produced guidance to accompany the Code of Practice on Internal Controls. The code recommends a risk-management approach to meet the requirements set out in the regulations. The Regulator has recognised that smaller schemes might benefit from some guidance on risk management and has produced guidance.

**250.** The Pensions Regulator has contributed to the reductions in the burdens of regulatory enforcement and inspection that are being driven through as a result of the Hampton review.

**251.** The Disability Rights Commission has taken steps to exercise its powers to ensure compliance with the duty to make reasonable adjustments under the Disability Discrimination Act. For example, by reaching a formal agreement with a major retailer to provide disabled access in all its retail stores in England.

**252.** The Department has adopted the Government policy that domestic regulation which impacts on business should commence on one of two dates

5 [www.civilservice.gov.uk/reform/capability\\_reviews/publications/pdf/Capability\\_Review\\_DWP.pdf](http://www.civilservice.gov.uk/reform/capability_reviews/publications/pdf/Capability_Review_DWP.pdf)

6 This, and other recent impact assessments, can be found at: [www.dwp.gov.uk/resourcecentre/ria.asp](http://www.dwp.gov.uk/resourcecentre/ria.asp)

7 [www.cabinetoffice.gov.uk/regulation/documents/consultation/pdf/code.pdf](http://www.cabinetoffice.gov.uk/regulation/documents/consultation/pdf/code.pdf)

8 [www.hm-treasury.gov.uk/media/A63/EF/bud05hamptonv1.pdf](http://www.hm-treasury.gov.uk/media/A63/EF/bud05hamptonv1.pdf)

(6 April and 1 October) each year even though comparatively little of its regulation has such an effect. It has been necessary to introduce some legislation slightly earlier than 6 April in order to tie in with commencement of the Pension Protection Fund's accounting year (1 April).

**253.** The Health and Safety Commission and Executive, which are sponsored by the Department, publish information about better regulation performance in their annual report and accounts<sup>9</sup>.

## Sustainable development

**254.** The Department has continued to strive towards embedding sustainability in all areas of the business, a commitment outlined in *Delivering Sustainable Development – DWP Action Plan*<sup>10</sup> published in December 2005, to meet the objectives of the *UK Strategy for Sustainable Development – Securing the Future*<sup>11</sup>.

**255.** In its assessment of Departmental action plans – *Off the Starting Block*<sup>12</sup> – the Sustainable Development Commission rated the Department as 'leading the pack'. This has engendered a spirit of cross-government working, with other Departments seeking advice.

**256.** To further some of the 23 actions arising from the plan, a sustainable business specification is being developed, which will enable the Department's agencies to evaluate their progress

towards embedding sustainable development principles within their business. These evaluations will be audited against best practice criteria, resulting in an internal badge of recognition.

**257.** Progress is incorporated into the Department's *Sustainable Development 6<sup>th</sup> Annual Report*<sup>13</sup>. This report has now been split into two parts with the intention of making it more appealing to various audiences and reducing printed copies.

**258.** Four priorities dominate activity: reduction of carbon emissions, reducing energy consumption, waste reduction and recycling and reduction in water consumption. These Departmental priorities were mirrored by the revised suite of *Targets for Sustainable Operations on the Government Estate*<sup>14</sup> launched by the Prime Minister.

**259.** Of these priorities, reducing the amount of energy consumed and making best use of that which is consumed, has become paramount. A notable achievement is the reduction of fossil fuel consumption of 11 per cent. A slight but encouraging reduction in electricity of 0.4 per cent reverses the upward trend previously recorded. The ongoing programme of estate rationalisation has presented opportunities to make further energy efficiencies.

**260.** Service partners, Land Securities Trillium, have embraced the Department's aims. A series of non-cost measures were deployed, such as resetting thermostats

9 [www.hse.gov.uk/aboutus/reports/index.htm](http://www.hse.gov.uk/aboutus/reports/index.htm)

10 [www.dwp.gov.uk/sus-dev/documents/sd-action-plan-2005.pdf](http://www.dwp.gov.uk/sus-dev/documents/sd-action-plan-2005.pdf)

11 [www.sustainable-development.gov.uk/publications/uk-strategy/index.htm](http://www.sustainable-development.gov.uk/publications/uk-strategy/index.htm)

12 [www.sd-commission.org.uk/publications/downloads/SDAP\\_Full\\_Report\\_Dec06.pdf](http://www.sd-commission.org.uk/publications/downloads/SDAP_Full_Report_Dec06.pdf)

13 [www.dwp.gov.uk/sus-dev/2006/sus-dev-part1-06.pdf](http://www.dwp.gov.uk/sus-dev/2006/sus-dev-part1-06.pdf)

14 [www.sustainable-development.gov.uk/government/estates/targets.htm](http://www.sustainable-development.gov.uk/government/estates/targets.htm)

and timers to reduce the baseline energy costs. Ongoing spend-to-save investment, ranging from timer devices on vending machines to the early replacement of inefficient boilers supported further energy reductions.

**261.** Through a variety of communications, staff have been encouraged to play their part. Simple measures such as turning off PC monitors when not in use remain the focus of continuing communication campaigns.

**262.** Renewable energy and combined heat and power sources make up 62 per cent of the Department's energy supply. Opportunities to purchase more renewable energy or develop renewable self-generation, such as rooftop wind turbines, continue to be investigated.

**263.** Business travel generates carbon emissions, so staff are encouraged to use alternatives such as video and phone conferencing. Vehicle mileage has reduced by 12 per cent and fleet vehicles have reduced by 212 this year, to 2417. These are mainly Euro IV diesels, giving fuel efficiency and high mileage without excessive emissions. Emissions from air travel will be offset by contributions to the Government's Carbon Offsetting Fund.

**264.** Considerable improvements in reducing measurable office waste were demonstrated by an 8 per cent reduction on the previous year. Of that waste, 52 per cent, mainly paper and cardboard, has been diverted from landfill for recycling. A successful pilot, replacing under desk bins with larger, centrally placed bins, will be rolled out to the remaining estate. This has encouraged waste segregation and should facilitate the introduction of recycling other

commodities. The development of a swap shop to advertise surplus or unwanted items for other offices to use has been hugely successful and has diverted items away from the waste stream.

**265.** Water consumption is another success, reducing by over 15 per cent due largely to the installation of waterless urinals and estate rationalisation. Auto flush trials are to commence in the coming year, to further reduce consumption.

**266.** Embedding sustainability into the procurement of goods and services continues, supported by messages from a Sustainable Procurement Conference, group workshops and one-to-one awareness sessions with procurement strand leaders. This has led to the development of commodity specific strategies, including looking at suppliers and supply chains and encouraging the fair treatment of workers as part of the adoption of sustainable principles.

**267.** To reward and champion the positive contribution individual staff make towards Departmental achievements, the Sustainability in DWP awards have been launched. The Sustainable Development Minister made the award of a small copse of trees, planted in the finalist's honour, at the Department's conference on climate change in March 2007.

**268.** The Department's achievements have been acknowledged externally by being a finalist in the Corporate Responsibility category at the Chartered Institute of Purchase and Supply awards in October 2006. Further achievements and progress are reported in the *DWP Sustainable Development 6<sup>th</sup> Annual Report*.

## International relations

**269.** The Joint International Unit, which also serves the Department for Education and Skills, has played a pivotal – but not exclusive – role in taking forward the international agenda of the Department for Work and Pensions. During 2006-07 the Unit has provided support, advice and guidance to Ministers and has ensured effective representation for the Department in EU and international fora so that departmental policies were explained, UK policies promoted, bilateral links developed and international cooperation advanced.

**270.** During the year the Unit made significant achievements:

- provision of effective and relevant policy and knowledge exchange in support of domestic policy development across the areas of pensions and welfare to work;
  - delivering effective outcomes and value for money from the Department's EU and international programmes;
  - successfully negotiating the new EU Programmes for Employment and Social Solidarity which bring together the previous social and employment spending programmes in a single coherent programme to help member states deliver the Lisbon Agenda of jobs, growth and social cohesion;
  - ensuring that UK interests are properly represented at the EU Social Protection and Employment Committees with ministers attending the Employment and Social Policy Councils; and
- contributing to the cross-government initiative to build closer relationships with Members of the European Parliament.
- 271.** In all these areas the Department's Joint International Unit has helped the new member states engage effectively with European institutions, particularly in areas of common interest.
- 272.** The Joint International Unit continued to manage the 2000-2006 European Social Fund (ESF) programme in England and the Equal programme in Great Britain to support policies to extend employment opportunities to all. Significant achievements were:
- ESF committed £670 million to projects in 2006-07, helping over 782,000 people in England to improve their employability and skills. Funds were targeted at improving the prospects of people at a disadvantage in the labour market. About 59 per cent of participants were in work or entered further training when they completed their ESF-funded provision.
  - In the Equal programme, 96 ESF-funded Development Partnerships continued work to develop new ways to combat discrimination and inequalities faced by disadvantaged groups in the labour market.
- 273.** The Joint International Unit also conducted a public consultation on the draft ESF programme for England in 2007-2013, which will support the Government's employment and skills strategies. Looking ahead, the Unit will aim to reach agreement with the European Commission on the new ESF programme in 2007, and put in place delivery arrangements.

## Ministerial correspondence with members of the public

274. When a member of the public writes to one of the Department's Ministers, the letter may be replied to by an appropriate official on their behalf. Between January and December 2006 the Department received 16,916 such letters. Of these, 96 per cent were replied to within the target of 20 working days. This performance represents a slippage of one percentage point when compared to 2005.

## Citizen redress

275. The Department for Work and Pensions' agencies have well-developed processes for dealing with complaints, and their customer service standards and performance are described in their Annual Reports and Accounts. Details of redress arrangements are included on agency websites, and leaflets advising customers about complaints procedures are also available on request from Jobcentre Plus, Pension Centres, Disability Benefit Centres and from local Citizens Advice Bureaux.

276. Following a period of prototype running, the Department extended the Independent Case Examiner service, an impartial complaints-handling tier previously available only to customers of the Child Support Agency, to customers of its other businesses from April 2007. This will provide an opportunity for learning more effectively from customer complaints.

277. Under a Department-wide scheme, each agency compensates any of its customers for any additional costs, losses

or other effects of maladministration. In 2006-07, 29,272 ex gratia compensation awards totalling £8.4 million were made under these arrangements.

278. In addition, under arrangements made by HM Revenue and Customs, certain pensioners were given an opportunity to pay additional national insurance contributions to enhance their State Pension. Interest was added to any arrears paid where this was possible. 12,004 interest payments totalling £1.7 million were made by The Pension Service under these arrangements .

## Communications and marketing

279. The Department's Communications Network designs and delivers effective, focused and strategic communications to support the Department's objectives. It works across the whole Department as well as synchronising communications to similar audiences by working with other government departments. The Network provides a proactive news service to broadcast, print and online news media and develops and implements online services, information and access points.

280. Marketing communications help customers understand how changes to the work, welfare and pensions systems affect them; give them confidence to move into work where appropriate, support their families, and plan and save for their later lives. These communications also help them by encouraging them to ensure that they take up their correct entitlements, and access support appropriate to their needs.

281. The major campaigns of 2006-07 informing customers of their rights and

**Figure 28 Major publicity campaigns costing over £500,000 during 2006–07**

<b>Age Positive</b>	<b>£740,000</b>
<p>The Age Positive initiative provides information, guidance and case study materials to help employers realise the business benefits of employing older workers as part of an age-diverse workforce. This is achieved through direct engagement with employers and a variety of trade and sector contacts, participation at exhibitions and events, presentations and providing help and information materials. Press advertising and PR have also been used to achieve wider national and regional coverage.</p>	
<b>Age Partnership Group</b>	<b>£1,620,000</b>
<p>The Age Partnership Group and 'Be Ready' initiative built on ongoing work of Age Positive, using a short direct marketing and guidance campaign to raise awareness and help employers get ready for age legislation in October 2006. The 'Be Ready' guidance materials were developed by the Department in conjunction with the Age Partnership Group which consists of intermediaries representing small, medium and large employers. Partners include CBI, TUC, ACAS, CIPD and the Federation of Small Businesses.</p>	
<b>Targeting Benefit Thieves</b>	<b>£6,860,000</b>
<p>This is a new campaign building on the previous Targeting Benefit Fraud campaign. It aims to increase awareness among benefit claimants of what constitutes benefit fraud and to increase fear and awareness of the likelihood of being caught and the consequences of being caught committing benefit fraud. It uses TV, press, out of home advertising and PR and ran twice during the year.</p>	
<b>Pension Credit</b>	<b>£2,750,000</b>
<p>Activity designed to raise awareness, within the pensioner population, of pension credit and a range of other benefits and to encourage those likely to be eligible for pension credit to apply for their entitlements. The campaign element primarily uses direct mail, supported by door-drops and local advertising in areas where take-up is low, as well as national press advertising to encourage customers to apply. Customer contact is also via outbound telemarketing and face-to-face visits by Local Service teams. The focus in the latter part of 2006-07 has increasingly been on encouraging eligible pensioners to apply for a range of benefits and services, rather than solely focusing on Pension Credit.</p>	
<b>Jobsearch Channels</b>	<b>£1,300,000</b>
<p>A campaign aimed at raising awareness of Jobseeker Direct and the Internet Job Bank amongst all Jobcentre Plus customers as a channel for job seeking, to promote awareness of the Jobcentre Plus brand, and to encourage the main Jobcentre Plus customer groups to take their first steps towards work. The campaign used a range of media including radio, press and posters, and was supported by a comprehensive internal communications pack.</p>	

**Figure 28 Major publicity campaigns costing over £500,000 during 2006–07 – continued**

<b>Lone Parent Awareness</b>	<b>£580,000</b>
A campaign to highlight the wider benefits of work and the full range of Jobcentre Plus services to the lone parent customer group. A dedicated contact line for lone parent customers was advertised on regional and local radio stations around the country as part of the campaign, as well as three weeks of direct mail activity to 50,000 lone parent customers a day.	
<b>Black and Minority Ethnic Skills</b>	<b>£700,000</b>
A campaign aimed at black and minority ethnic people who would not normally engage with Jobcentre Plus and who have little or no work record. The campaign focused on the skills they have, but had not recognised as relevant to work.	

#### Notes

1. Figures have been rounded to the best estimate at the time of going to press.
2. Some campaigns may have expenditure falling into more than one financial year, depending on the length of the campaign and the billing dates.

responsibilities, services and benefits are listed in Figure 28, together with a brief description of the activity.

## Sponsorship

**282.** Government departments are required to publish details of any sponsorship received which exceeds £5,000 in their annual reports. The Department received no such payments in 2006-07.

## Consultancy and staff substitutes/interims

**283.** Expenditure (including VAT) by the Department and its agencies on these services rose to £412.5 million in

2003–04 but fell by 16 per cent in 2004–05 to £345.6 million and by 39 per cent to £210.6 million in 2005–06.

**284.** This significant reduction was highlighted by the National Audit Office report *Central government's use of consultants* (HC 128 December 2006)<sup>15</sup>. The level of expenditure reflects a reducing requirement for external expertise to support modernisation programmes, particularly to introduce new IT systems. Improved commercial arrangements, tighter expenditure controls and better, centralised administrative processes have been established. An audit in 2006 made recommendations to strengthen assurance of value for money and prudence in this area; these will be implemented in 2007.

Figure 29 Department for Work and Pensions expenditure (including VAT) on externally acquired staff resources

Expenditure on: (£ million)	2001-02	2002-03	2003-04	2004-05	2005-06
Management consultancy	£23.79	£47.57	£223.35	£98.64	£77.59
IT consultancy	£70.67	£93.47	£83.37	£69.73	£52.70
Staff substitutions	–	–	£51.49	£53.03	£52.99
Professional services	£75.03	£150.48	£54.32	£104.68	£7.72
Casuals/Temps	–	–	–	£19.55	£19.60
<b>Total</b>	<b>£169.49</b>	<b>£291.52</b>	<b>£412.53</b>	<b>£345.63</b>	<b>£210.60</b>

## Public Accounts Committee recommendations

**285.** The Committee of Public Accounts published four reports during 2006-07, involving the Department for Work and Pensions. These were:

- 27 April 2006 – 36th Report: Tackling the complexity of the benefits system<sup>16</sup> (HC 765);
- 2 November 2006 – 53rd Report: Department for Work and Pensions: Delivering effective services through contact centres<sup>17</sup> (HC 1034);

- 16 January 2007 – 6th Report: Gaining and retaining a job: the Department for Work and Pensions' support for disabled people<sup>18</sup> (HC 112)
- 23 January 2007 – Seventh Report: Department for Work and Pensions: Using leaflets to communicate with the public about services and entitlements<sup>19</sup> (HC133)

**286.** A copy of the Government responses to the above reports can be found on The Stationery Office official documents website<sup>20</sup>.

15 [www.nao.org.uk/publications/nao\\_reports/06-07/0607128.pdf](http://www.nao.org.uk/publications/nao_reports/06-07/0607128.pdf)

16 [www.publications.parliament.uk/pa/cm200506/cmselect/cmpubacc/765/76502.htm](http://www.publications.parliament.uk/pa/cm200506/cmselect/cmpubacc/765/76502.htm)

17 [www.publications.parliament.uk/pa/cm200506/cmselect/cmpubacc/1034/1034.pdf](http://www.publications.parliament.uk/pa/cm200506/cmselect/cmpubacc/1034/1034.pdf)

18 <http://www.publications.parliament.uk/pa/cm200607/cmselect/cmpubacc/112/112.pdf>

19 [www.publications.parliament.uk/pa/cm200607/cmselect/cmpubacc/133/13302.htm](http://www.publications.parliament.uk/pa/cm200607/cmselect/cmpubacc/133/13302.htm)

20 [www.official-documents.gov.uk/](http://www.official-documents.gov.uk/)