

Management commentary

a. Statutory background

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

On 22 January 2008, the Permanent Secretary, Leigh Lewis, announced the bringing together of the Disability and Carers Service and The Pension Service into a new agency from 1 April 2008, to be known as the Pension, Disability and Carers Service.

Due to this merger, the 2007/08 comparatives have been restated to reflect the aggregated balances of the two former agencies. These balances are detailed in Note 26 together with the adjustments required to align the differences in accounting treatment.



b. Funding sources

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

The Pension, Disability and Carers Service's work programme and expenditure plans for the year to 31 March 2009 were set out in the *Pension, Disability and Carers Service Business Plan 2008–2009* and form part of CM 7401, *Department for Work and Pensions Departmental Report 2009*.

The National Insurance Fund is the responsibility of HM Revenue and Customs. However, the contributory benefits funded from the National Insurance Fund are administered by the Department on behalf of HM Revenue and Customs. The Pension, Disability and Carers Service incur costs associated with the administration of these benefits. The Pension, Disability and Carers Service receives income from the National Insurance Fund to recover these costs and these recoveries are recorded in the General Fund as Financing from the National Insurance Fund (see Notes to the Accounts 12 and 14c).

c. Scope of the Pension, Disability and Carers Service accounts

These financial statements relate solely to the Pension, Disability and Carers Service administrative expenditure, derived from the Department's voted funds supplemented by additional information to conform to the accruals concept and give a true and fair view of the Pension, Disability and Carers Service's affairs. The Pension, Disability and Carers Service was responsible for payment of State Pension, State Second Pension, Over 80 Pension, Pension Credit, Winter Fuel Payments, Graduated Retirement Pension, State Earnings-Related Pension, Christmas Bonus Payments, Cold Weather Payments, Disability Living Allowance, Attendance Allowance, Carers Allowance and Vaccine Damage benefits which, for the year ended 31 March 2009, amounted to **£89.9 billion (2007/08 £82.9 billion)**. This amount is provisional and the final audited expenditure for the year will be disclosed in the Departmental Resource Accounts which are expected to be published by the end of August 2009.

As part of the DWP, the agency has to manage its business and meet its objectives within the resource constraints set by the Department. It also contributes to an administration cost and net cash requirement limit with other parts of the Department. Parliament's primary control over the Pension, Disability and Carers Service' expenditure is therefore achieved through the approval of the resource estimates provision, the associated departmental cash limit, and the laying of the agency accounts. The Pension, Disability and Carers Service is also subject to administrative control exercised by HM Treasury. The Spending Review in 2007 set the basis for the funding available for the Pension, Disability and Carers Service in 2008–09.

d. International Financial Reporting Standards

International Financial Reporting Standards (IFRS) will be introduced across Central Government in the 2009/10 financial year. Although the current accounts exclude any IFRS impacts the 2008/09 accounts will be restated in accordance with IFRS principles as part of the 2009/10 accounts.

e. Results for the year

The Operating Cost Statement within the accounts shows the net operating cost of the Pension, Disability and Carers Service. The net operating cost amounted to £974 million (2007/08 £1,083.3 million). Capital expenditure for the year, full details of which are given in Notes to the accounts – Notes 6 and 7, amounted to £21.6 million (2007/08 £44.2 million).

The net operating cost has been calculated after including a number of notional costs which are borne centrally by the Exchequer and then recharged to the Pension, Disability and Carers Service, as set out in Note 3.

f. Employment of disabled persons

People with disabilities, as defined in the Disability Discrimination Act 1995, are employed across all grades within the Pension, Disability and Carers Service. As at the 31 March 2009, 730 staff had declared that they are disabled, which represents 4.4 per cent of our total workforce.

g. Sickness absence data

Sickness absence data for 2008/09 is provided below, shown as full-time equivalent (FTE) days. This shows the number of paid working days lost for the agency and an average working days lost figure (AWDL) by staff for the year.

	Working days lost (FTE)	AWDL by staff for the year
Pension, Disability and Carers Service	144,907	9.1

The Pension, Disability and Carers Service has reduced sickness absence by an average of one day during 2008/09. Average sickness absence in the agency has now fallen for four successive quarters. Muscular-skeletal and mental health issues were the largest causes of sickness absence, accounting for 41 per cent of all absences. The majority of these absences were recorded as long-term absence (over 28 calendar days). Long-term absences accounted for 4.8 per cent of all occurrences of absence but 52 per cent of all working days lost.

Over the past 12 months the Pension, Disability and Carers Service has focused on reducing long-term sickness absence through actions including piloting the DWP Physio Advice Line, active case management and case conferences with the Occupational Health Director of Nursing. The Pension, Disability and Carers Service has also worked with DWP's occupational physicians and psychologists to pilot the delivery of new guidance which will shift the focus of long-term absence discussions to what the employee is capable of doing and how coping mechanisms used at home can be replicated at work. This will mirror the approach adopted towards the Employment and Support Allowance customers.

The Pension, Disability and Carers Service is committed to the continuous improvement of health and well-being for everyone by actively promoting a healthy environment and culture across the whole agency.

h. Protected personal data incidents

Table 1: Summary of protected personal data related incidents formally reported to the Information Commissioner’s Office in 2008/09

Statement on information risk	We have implemented a range of information security improvements based on internal audit and Cabinet Office recommendations, managed through a formal project which reports to the DWP’s Information Security Committee. This has included the separation of the Senior Information Risk Owner and Chief Information Officer roles, the creation of Information Asset Owners at senior level across the DWP and the development of a comprehensive Information Asset Inventory. Increased senior focus has started to drive forward improved management of information risk. We have worked hard to improve our information assurance maturity, and we are confident that we meet and in many areas exceed the Data Handling Review requirements. Our information security training and awareness campaigns have been reflected by very positive results in the recent Staff Survey. We have identified a number of areas where we can further strengthen and improve the overall management of information risk across the DWP.			
Date of incident (month)	Nature of incident	Nature of data involved	Number of people potentially affected	Notification steps

No incidents have been reported to the Information Commissioner by or on behalf of the Pension, Disability and Carers Service, involving Protected Personal Data during the year.

Table 2: Summary of other Protected Personal Data related incidents in 2008/09

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

Category	Nature of incident	Total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured government premises	1
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured government premises	0
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	0
IV	Unauthorised disclosure	0
V	Other	0

i. Commitment to equality and diversity

The agency is committed to providing services which embrace diversity and promote equality of opportunity. As an employer, the Pension, Disability and Carers Service is also committed to equality and valuing diversity within its workforce as set out in its ‘Strategy for Diversity, Equality and Inclusion’.

The goal is to ensure that these commitments, reinforced by our values are embedded in day-to-day working practices with customers, colleagues and partners. The overall aim for diversity and equality is that the services we deliver to customers, both current and future, and the contribution of our staff, reflect and celebrate the diversity of the communities we serve.

We aim to embed diversity into everything that we do; ensuring it is part of our management processes, mainstreaming it into our policies and assessing the impact of all our decisions and changes for disproportionate diversity impact on our staff or our customers.

j. Employee involvement and engagement

The Pension, Disability and Carers Service respects its staff as people and values their contribution. There is a strong internal communications network in place. Staff are encouraged to share information and contribute news, views and feedback. Regular news and information is provided to staff through the Pension, Disability and Carers Service and the DWP communication sites held on the Department's intranet as well as through regular bulletins and messages cascaded through team meetings.

Staff have access to welfare services which support staff and managers and promote well-being in the workplace.

Staff also have access to trades union membership. The Pension, Disability and Carers Service has procedures for consulting its trades unions and supports staff representation in the workforce by trades union representatives.

The Pension, Disability and Carers Service is committed to ensuring that staff at all levels can contribute towards decisions affecting the day-to-day business of the Pension, Disability and Carers Service.

k. Pension liabilities

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

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

l. Payments to suppliers

The Pension, Disability and Carers Service is committed to the prompt payment of bills for goods and services received. Payments are normally made as specified in the supplier's contract. If there is no contractual provision or other understanding, they should be paid within 30 days of receipt of the goods or services, or presentation of a valid invoice or similar demand, whichever is later.

A review of all payments made during the 12 month period of this account, conducted to measure how promptly the Pension, Disability and Carers Service pays its bills, found that 97 per cent of bills were paid within this standard.

m. External auditors

The accounts have been audited by the Comptroller and Auditor General whose certificate and report appears on pages 59 to 61.

n. Board of management

Members of the Pension, Disability and Carers Service Board during the year were:

Terry Moran	Chief Executive
Vivien Hopkins	Chief Operating Officer
Jason Feeney	Strategy Director
Stuart McKinnon-Evans	Finance Director
Sarah Scullion	Human Resources Director
Nigel Richardson	Customer and Partnerships Director
Peter Lowe	Change and Transformation Director (from 26 August 2008, formerly IS/IT Director, from 9 June 2008 to 25 August 2008)
John Delamore	IS/IT Director (from 3 November 2008)
Martin Bellamy	Change and Transformation Director (until 22 September 2008)
Alan Woods	State Pensions and Stakeholder Relations Director
Norman Cockett	Deputy Director and Head of the Disability and Carers Benefits Division (until 31 October 2008)
Lucy Vause	Deputy Director and Head of the Disability and Carers Benefits Division (from 28 November 2008)
Peter Lehmann CBE	Non-Executive Director (until 24 October 2008)
John de Trafford	Non-Executive Director
Jane Tozer OBE	Non-Executive Director
Willy Roe	Non-Executive Director
Kate Nash OBE	Non-Executive Director
George McCorkell CB	Non-Executive Director

The current Pension, Disability and Carers Service Senior Management Team is shown above. The table below reflects certain members of the former Disability and Carers Service and The Pension Service Boards who served on the new agency Board during its transitional period in April 2008.

Sarah High	Acting Finance Director, DCS (until 27 April 2008)
Martyn Craske	Chief Operating Officer, DCS (until 27 April 2008)
Sharon Norton	Acting Business Design and Change Director, DCS (until 27 April 2008)
Jane Whitaker	Deputy Chief Operating Officer, DCS (until 27 April 2008)
Kim Archer	Customer and External Relations Director, DCS (until 27 April 2008)
Charlie MacKinnon CB	Transformation Director, Pensions (until 27 April 2008)
Simon Furse	Finance Director, Pensions (until 27 April 2008)
Barry Cox	Acting Centre Operations Director, Pensions (until 27 April 2008)

o. Details of company directorships and other significant interests held by board members

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

Statutory Accounting Team
 Resources and Performance Directorate
 Pension, Disability and Carers Service
 Room 405, Norcross
 Thornton-Cleveleys FY5 3TA

p. Provision of information to auditors

There is no relevant audit information of which the auditors are unaware. The Accounting Officer has taken all necessary steps to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

Signed



Terry Moran
 Chief Executive
 8 July 2009