

Remuneration report

a. Remuneration policy

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



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

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

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

Further information about the work of the Review Body can be found at www.ome.uk.com

b. Service contracts

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

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

Further information about the work of the Civil Service Commissioners can be found at www.civilservicecommissioners.gov.uk

c. Salary and pension entitlements

The following sections provide details of the remuneration and pension interests of the Pension, Disability and Carers Service board members.

d. Remuneration (audited)

Officials	2008/09		Full Year Equivalent (FYE) £'000	2007/08	
	Salary £'000	Benefits in kind (to nearest £100) £		Salary £'000	Benefits in kind (to nearest £100) £
Terry Moran Chief Executive	170–175	–	170–175	155–160	–
Vivien Hopkins Chief Operating Officer	110–115	–	110–115	100–105	1,700
Jason Feeney Strategy Director	100–105	–	100–105	85–90	–
Stuart McKinnon-Evans Finance Director	105–110	–	105–110	85–90	–
Sarah Scullion Human Resources Director	120–125	1,800	120–125	105–110	–
Nigel Richardson Customer and Partnerships Director	115–120	–	115–120	115–120	–
Peter Lowe Change and Transformation Director (from 26 August 2008, formerly IS/IT Director, from 9 June 2008 to 25 August 2008)	115–120 ¹	–	140–145	–	–
John Delamore IS/IT Director (from 3 November 2008)	30–35	–	85–90	–	–
Martin Bellamy Change and Transformation Director (until 22 September 2008)	75–80	–	140–145	145–150	–
Sarah High Acting Finance Director, DCS (until 27 April 2008)	5–10	–	65–70	10–15 ²	–
Martyn Craske Chief Operating Officer, DCS (until 27 April 2008)	15–20	200	85–90	85–90	2,500

¹ The figure quoted for 2008/09 is for the period from 9 June to 31 March 2009. The emolument for the period from 9 June 2008 to 31 July 2008 was paid by another central government department. The full year equivalent is 140–145K.

² Figure quoted for 2007/08 is for the period from 22 January 2008 to 31 March 2008. The full year equivalent is £65–70K.

Officials (continued)	2008/09		Full Year Equivalent (FYE) £'000	2007/08	
	Salary £'000	Benefits in kind (to nearest £100) £		Salary £'000	Benefits in kind (to nearest £100) £
Sharon Norton Acting Business Design and Change Director, DCS (until 27 April 2008)	0–5	–	60–65	40–45 ³	–
Jane Whitaker Deputy Chief Operating Officer, DCS (until 27 April 2008)	0–5	–	60–65	35–40 ⁴	–
Kim Archer Customer and External Relations Director, DCS (until 27 April 2008)	10–15	–	75–80	65–70	–
Charlie MacKinnon CB Transformation Director, Pensions (until 27 April 2008)	20–25	–	120–125	120–125	–
Simon Furse Finance Director, Pensions (until 27 April 2008)	5–10	–	110–115	120–125	–
Barry Cox Acting Centre Operations Director, Pensions (until 27 April 2008)	10–15	200	85–90	50–55 ⁵	–
Alan Woods Director for State Pension and State Pensions Reform, Pensions Client Group ⁶	–	–	–	–	–
Norman Cockett Deputy Director, Welfare and Wellbeing Group (until 31 October 2008) ⁶	–	–	–	–	–
Lucy Vause Deputy Director, Welfare and Wellbeing Group (from 28 November 2008) ⁶	–	–	–	–	–

e. Salary

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

Within the Department, directors' bonuses are paid in July following the financial year to which they relate and are in respect of the performance during their period of service as

³ Figure quoted for 2007/08 is for the period from 23 July 2007 to 31 March 2008. The full year equivalent is £65–70K.

⁴ Figure quoted for 2007/08 is for the period from 1 August 2007 to 31 March 2008. The full year equivalent is £55–60K.

⁵ Figure quoted for 2007–08 is for the period from 24 September 2007 to 31 March 2008. The full year equivalent is £85–90K.

⁶ DWP Corporate centre employ Alan Woods and Lucy Vause for 2008/09 and employed Norman Cockett until 31 October 2008. The Pension, Disability and Carers Service do not incur any element of the cost of their salaries or pension entitlements.

a director during the preceding financial year, i.e. bonuses included in July 2008 salaries (2008–09) relate to the period served during 2007–08. Directors that are shown as being in post until 27 April 2008 have July 2008 bonus payments included in their salary totals.

f. Benefits in kind

The estimated monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument. The reported benefits in kind relate to the private use of allocated cars provided under the Department's Private User Scheme.

g. Pension Benefits (audited)

Name	Real increase in pension at pension age £'000	Real increase in lump sum at pension age £'000	Accrued pension as at pension age at 31 March 2009 £'000	Accrued lump sum as at pension age at 31 March 2009 £'000	CETV at 31 March 2008 Restated* £'000	CETV at 31 March 2009 £'000	Real increase in CETV as funded by the employer £'000
Terry Moran Chief Executive	5.0–7.5	20–25	50–55	150–155	690	856	114
Vivien Hopkins Chief Operating Officer	5.0–7.5	20–25	50–55	150–155	878	1,093	156
Jason Feeney Strategy Director	2.5–5.0	10–15	30–35	90–95	382	477	68
Stuart McKinnon-Evans Finance Director	2.5–5.0	0–5	10–15	10–15	141	203	50
Sarah Scullion Human Resources Director	2.5–5.0	–	5–10	–	59	104	24
Nigel Richardson Customer and Partnerships Director	0–2.5	–	5–10	–	90	124	23
Peter Lowe Change and Transformation Director (from 26 August 2008, formerly IS/IT Director, from 9 June 2008 to 25 August 2008)	0–2.5	–	15–20	–	246	294	13
John Delamore IS/IT Director (from 3 November 2008)	0–2.5	0–5	35–40	105–110	736	780	2
Martin Bellamy Change and Transformation Director (until 22 September 2008)	0–2.5	–	10–15	–	135	154	14

Name (continued)	Real increase in pension at pension age £'000	Real increase in lump sum at pension age £'000	Accrued pension as at pension age at 31 March 2009 £'000	Accrued lump sum as at pension age at 31 March 2009 £'000	CETV at 31 March 2008 Restated* £'000	CETV at 31 March 2009 £'000	Real increase in CETV as funded by the employer £'000
Sarah High Acting Finance Director, DCS (until 27 April 2008)	0–2.5	–	0–5	–	40	41	1
Martyn Craske Chief Operating Officer, DCS (until 27 April 2008)	0–2.5	–	0–5	–	61	61	–
Sharon Norton Acting Business Design and Change Director, DCS (until 27 April 2008)	0–2.5	0–5	20–25	65–70	347	350	1
Jane Whitaker Deputy Chief Operating Officer, DCS (until 27 April 2008)	0–2.5	0–5	20–25	65–70	431	434	1
Kim Archer Customer and External Relations Director, DCS (until 27 April 2008)	0–2.5	0–5	25–30	80–85	472	474	–
Charlie MacKinnon CB Transformation Director, Pensions (until 27 April 2008)	0–2.5	0–5	50–55	155–160	1,180	1,186	1
Simon Furse Finance Director, Pensions (until 27 April 2008)	0–2.5	–	10–15	–	162	168	6
Barry Cox Acting Centre Operations Director, Pensions (until 27 April 2008)	0–2.5	0–5	35–40	110–115	721	725	1

*The figure may be different from the closing figure in last year's accounts of The Pension Service and the Disability and Carers Service. This is due to the CETV factors being updated to comply with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008.

h. Civil Service Pensions

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

'money purchase' stakeholder pension with a significant employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5 per cent of pensionable earnings for Classic and 3.5 per cent for Premium, Classic Plus and Nuvos. Benefits in Classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For Premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike Classic, there is no automatic lump sum. Classic Plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly in the same way as in Classic and benefits for service from October 2002 calculated as in Premium. In Nuvos, a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March), the member's earned pension account is credited with 2.3 per cent of their pensionable earnings in that scheme year and the accrued pension is up-rated in line with RPI. In all cases, members may opt to give up (commute) pension for a lump sum to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3 per cent and 12.5 per cent (depending on the age of the member) into a stakeholder pension product chosen by the employee, from a scheme of three providers. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of three per cent of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8 per cent of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill-health retirement).

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

Further details about the civil service pension arrangements can be found at the website www.civilservice-pensions.gov.uk

i. Cash Equivalent Transfer Value

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which

disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the civil service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

j. Real increase in Cash Equivalent Transfer Value

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

k. Non-Executive Directors (audited)

Fees and expenses were paid to the following Non-Executive Directors:

	2008/09 Total fees and expenses £'000	2007/08 Total fees and expenses £'000
George McCorkell CB	34	33
Jane Tozer OBE	34	34
John de Trafford	23	22
Peter Lehmann CBE (until 24 October 2008)	9	13
Kate Nash OBE	11	3
Willy Roe	10	7

Signed



Terry Moran

Chief Executive

8 July 2009