



House of Commons
Work and Pensions Committee

The Committee's Work in 2003

First Report of Session 2003–04



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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

Sir Archy Kirkwood MP (*Liberal Democrat, Roxburgh and Berwickshire*)
(Chairman)

Vera Baird MP (*Labour, Redcar*)

Miss Anne Begg MP (*Labour, Aberdeen South*)

Ms Karen Buck MP (*Labour, Regent's Park and Kensington North*)

Mr Andrew Dismore MP (*Labour, Hendon*)

Mr Paul Goodman MP (*Conservative, Wycombe*)

Mr David Hamilton (*Labour, Midlothian*)

Mrs Joan Humble MP (*Labour, Blackpool North and Fleetwood*)

Rob Marris MP (*Labour, Wolverhampton South West*)

Andrew Selous MP (*Conservative, South West Bedfordshire*)

Mr Nigel Waterson MP (*Conservative, Eastbourne*)

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/commons/selcom/workpenhome.htm.

Committee staff

The current staff team of the Committee is Philip Moon (Clerk), Mick Hillyard (Second Clerk), Maxine Hill (Committee Specialist), Djuna Thurley (Committee Specialist), Louise Whitely (Committee Assistant) and Emily Lumb (Secretary).

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

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1 THE COMMITTEE'S WORK IN 2003

1. The Work and Pensions Select Committee examines the policy, expenditure and administration of the Department for Work and Pensions (DWP) and its associated Agencies. With an annual expenditure in excess of £100 billion, the DWP is the largest spending Government Department and employs about a quarter of the Civil Service. The Department operates principally through four executive agencies: Jobcentre Plus, The Pension Service, the Child Support Agency and the Appeals Service. Jobcentre Plus combines the former Employment Service and Benefits Agency to provide services for those people of working age. The Pension Service is responsible for a range of benefits and services for pensioners. The Committee also monitors the work of several other independent statutory bodies associated with the DWP including the Health and Safety Commission and the Health and Safety Executive.

Identification of inquiries

2. Throughout 2003 the Committee continued its policy of conducting detailed inquiries into subjects of particular concern, including one-off evidence sessions to keep the Committee and the House informed of recent developments within DWP's areas of responsibility. The Committee was especially keen to ensure that its inquiries covered as much of the department's policy areas as possible.

3. During the course of the year we took evidence from the Secretary of State, from other DWP Ministers, and from the Chief Executives of Jobcentre Plus, and the Child Support Agency on one or more occasions.

Creation of Sub-Committee

4. In the inquiries it had previously undertaken it became increasingly clear that successful implementation of the Department's policies depended in large measure on the effective introduction and operation of the Department's information technology and information services (IT/IS), for example the merging of elements of two Government Departments and two Agencies following the General Election of 2001 and the announcement of a rapid roll-out of Jobcentre Plus, which were heavily dependent on replacing much of the existing hardware and software; the announcement of the creation of the Pensions Service which would depend almost totally on information technology supporting a mainly telephone-based system; and the Child Support Agency which has experienced major failings, some of which are connected to the new software for determining maintenance calculations. The Sub-Committee decided to focus its attention on first identifying the general characteristics of best practise before looking at the CSA's IT/IS project in detail. After issuing its invitation for written evidence in July, the sub-Committee held a series of informal briefings with major players in the IT industry. The deadline for written submissions was 31 December 2003. Oral evidence sessions are expected to commence in February 2004.

Inquiries

Social Security Advisory Committee

5. As part of its responsibility to monitor the DWP's Non Departmental Public Bodies, the Committee held a short inquiry to examine the future role of the Social Security Advisory Committee (SSAC), at the time when it was undergoing its quinquennial review being conducted by Professor Hazel Genn. Our report on SSAC, published on 29 January 2003, recommended the continuation of SSAC's role and an extension of its responsibilities to Tax Credits; urgent consideration of the role played in SSAC deliberations by DWP officials, especially in the light of an Appeal Court decision; and an appropriate increase in funding to SSAC.

6. We understand that the report of the quinquennial review was submitted to the Government some months ago: indeed we received a letter from the Secretary of State on 17 July 2003 regretting the delay to the Government reply and promising it "after the [summer] recess". We therefore find it surprising and disappointing that, nearly a year after we published our report on SSAC, a Government reply is still awaited. Although we understand that the need to thoroughly consider the quinquennial review and the involvement of another Department may have caused a prolonged delay beyond the normal two month deadline, we are disappointed with the Government's failure to provide a substantive reply to our report. **We urge the Government to publish its response to our report without further delay, not least in order to remove any uncertainty about the future of the SSAC.**

The Future of UK Pensions

7. Our first major inquiry of the year, which we had started in 2002, concentrated on DWP's responsibilities for pensions. This inquiry was conducted against a background of widespread media reports that UK state and private pensions were in crisis. As expected, our inquiry produced a great deal of written evidence and detailed analysis. Amongst our major recommendations we concluded that although Government policies were effective at targeting pensioner poverty in the short term, there needed to be greater certainty with respect to the future of state pensions. It became clear that encouraging private pension provision depended greatly on a sound future for state pensions. We encouraged the Government to develop a consensus for sustainable long term solutions with improved incentives and less complexity for today's younger workers. We urged the Government to keep the state retirement age and active ageing generally under review. We considered that there was not yet a convincing case for employer or employee compulsion but invited the Pension Commission (chaired by Mr Adair Turner) to investigate schemes based on presumption.

8. The Government's reply stressed that further changes and developments were to follow including: a Pensions Bill in the current session; an extension to the coverage of combined Pension forecasts; a consultation exercise on options to implement the age strand of the European Employment Directive, leading to legislation and perhaps most importantly the introduction of a Pension Protection Fund which would seek to provide greater protection for final salary schemes when companies become insolvent.

Employment for All

9. The Committee launched its inquiry into Employment for All in November 2002 and shortly afterwards the Government published a Green Paper, outlining a number of pilot initiatives designed to provide various forms of assistance to disabled people to help them move from benefits into work. In response to the Government's announcement, we decided to undertake an interim inquiry on the effectiveness of the then current Government policy with the likelihood of returning to the subject once the results of the pilots and consultation were known. In our interim report, which was published in April 2003, we expressed our concern that the funding allocation for the New Deal for Disabled People was not proportionate to the number of people that the New Deal was targeted to help and was not providing adequate support. We felt that Jobcentre Plus would need additional resources in order to conduct more work-focused interviews. We concluded that the divide between benefits and work was too large and inflexible to enable many disabled people to move off benefits into work.

10. In view of the interim nature of the report, it was agreed with the Department that there should be no Government reply. In June, the responses to the Government's consultation were published and, amongst other things, concluded that "the overall response to the consultation document was generally positive. The shared view that many people on Incapacity Benefit (IB) want to get back to work and have the clear potential to do so is particularly welcome. However there is clear agreement that more effective support needs to be in place if we are to actually help people turn their potential to return to work into a reality". The response spelt out the Government's plans for implementing the reforms, initially by spending £100m on piloting IB reforms in seven Jobcentre Plus regions over 2½ years.

Childcare for working parents

11. Having held inquiries into subjects affecting older people and disabled people, the Committee moved to a subject central to many people of working age: childcare. The lack of good quality affordable childcare is widely viewed as one of the main barriers to work. In our report, which was published in July, we noted that childcare provision had grown substantially since the introduction of the National Childcare Strategy, but pointed out that demand for childcare provision outstrips supply. We recommended a further increase in funding. We also questioned the focus of the strategy on the 20% most deprived wards and drew attention to the fact that most low income households live outside those wards. We recommended reforms to the conditions applying to qualification for Childcare Tax Credit and Working Tax Credit and favoured expanding the provision of Children's Centres, ultimately to all areas.

12. The Government's response acknowledged that "there is still work to do before [its] vision of accessible affordable, good quality childcare in every area is realised", but drew attention to the various recent initiatives. The response also drew attention to the flexibility for Local Authorities to provide help in wards above the 20% deprivation level and to additional funds to develop "Mini Sure Start" programmes. The Government also agreed that local authorities should play a more active role in planning childcare provision. The Sure Start Unit was mentioned as an aid to joined up Government for childcare. Sure Start was intended to commit the Government to a greater integration of childcare

provision. The Government responded to the Committee's proposal for increased provision of Children's Centres by pointing out that the available resources were being focussed on areas where need is greatest.

13. A major element of the Chancellor of the Exchequer's pre-Budget statement was extra support for childcare. A key element of this was the pledge to create a thousand children's centres around the country within five years, with a longer term ambition of children's centres in every community. **The Committee welcomes this commitment and looks forward to seeing further details of the roll-out over the coming months.** In addition, the pre Budget statement announced the introduction of £50 per week tax relief on childcare spending for employees using registered childcare.

European Social Fund

14. The final substantive inquiry completed in 2003 was into the administration of the European Social Fund – a complicated subject made even more complex by the various Government Departments involved – which had not been considered before by the Committee or its predecessors. The ESF is one of four European Structural Funds, but unlike the other funds, the ESF aims to improve the employability of individuals across the EU. The ESF supports projects that are involved in employment, training and ways of countering social exclusion. In our report, which we published in October, we expressed a number of concerns about the administration of the fund, including the excessive weight of bureaucracy that falls on service providers, especially those in the voluntary and community sectors. We analysed the case for and against the system of co-financing that had been introduced in England. We also expressed our concern about the uncertainty of the future of the ESF in the UK after the current programming period, which ends in 2006, especially in the wake of EU enlargement. We made a number of detailed recommendations aimed at easing the administrative burden on service providers and called for direct funding to be retained in all areas and re-introduced in London. We also called for more information to be made available to failed applicants. We recommended that the next Comprehensive Spending Review be used to remove much of the uncertainty of future ESF provision.

15. In its reply, the Government accepted a number of the Committee's recommendations. For example, the Government stated that it intends to assess the potential administrative savings for service providers and to identify further ways in which savings can be realised; will seek to make rules on additionality more widely understood; will undertake a statistical analysis of the awarding of grants to assess whether there are any marked differences between the system of co-financing and direct bidding; will strengthen ESF plans and guidance to make clear that all ESF projects are encouraged to provide childcare for participants who need it and that projects that provide childcare should not be disadvantaged, provided that the childcare provides value for money; the Government intends to introduce an annual operational meeting with a view to establishing transferable useful practice; will undertake an analysis of monitoring activity of service providers across the UK; and will encourage generic support to be given to service providers. As regards future funding, the Government says that it will take a decision on making transitional funding available at the start of the next programming period in the light of negotiations and decisions at EU level and that its statement to the House on 11 December 2003 sets out

its financial guarantee that the nations and regions will not lose out financially from its proposals to reform the Structural Funds.

Pre-legislative scrutiny

16. During the course of the year, the Chairman repeated to the Secretary of State our willingness and enthusiasm to engage in pre-legislative scrutiny of draft bills or pieces of legislation deemed appropriate for this process, with the proviso that sufficient notice be given to allow time for an effective inquiry to be undertaken. Our report into the Future of UK Pensions specifically recommended that the expected Pensions Bill should be dealt with by pre-legislative scrutiny. When we received the Government's reply to that report, we were disappointed to learn that our proposal had been refused on the grounds that sufficient consultation had already taken place and swift legislative action was needed.

17. The Queen's Speech indicated that two Bills within (or partly within) the DWP's (and therefore our) responsibility were to be given pre-legislative scrutiny: the draft Disability Discrimination Bill and the draft Corporate Manslaughter Bill. The former is to be considered, not by our Committee, but by a Joint Committee of the two Houses of Parliament. Again, this decision is rather surprising and a little disappointing given the Committee's interest in policy concerning disabled people. The Corporate Manslaughter Bill is mainly within the responsibility of the Home Office and therefore we make no complaint that the proposal for pre-legislative scrutiny is for a Joint Committee of this Committee and the Home Affairs Select Committee.

18. It has been suggested that it would be possible to conduct an inquiry alongside a Bill which had been presented without pre-legislative scrutiny, and our predecessor Committees have accomplished this on two previous occasions. However, the lack of notice and relatively short duration between presentation of a Bill and its progress through the House make it difficult to accomplish any meaningful scrutiny allowing proper time to gather and assess the necessary written and oral evidence. Additionally, the lack of notice may mean that the Committee's agreed planned programme is disrupted. For these reasons (and the lack, so far, in this Parliament, of major legislation from the DWP) we have not used this method of assessing proposed legislation.

19. So, from a total of four Bills which might have been presented to the Committee for pre-legislative scrutiny only one has been offered – and that in the form of a Joint Committee. The major piece of legislation from the DWP in this session, the Pensions Bill, will not have the support or comment of a departmentally related Select Committee when it arrives on the floor of the House. **We believe this is unfortunate and although we understand the pressures on the legislative programme and those who draft the Bills, we believe there should be more consultation, if necessary on a confidential basis, on the possible candidates for future pre-legislative scrutiny.**

Expenditure

20. As part of our examination of the Department's expenditure we arranged a series of one-off evidence sessions with officials and accounting officers to scrutinise the Department's and its Agencies' expenditure plans. Their respective Business Plans and Annual Reports were deposited with us for inspection.

21. The task of examining the Main and Supplementary Estimates – departmental expenditure plans and annual accounts – is a complex and specialist one and so we have worked closely with the staff of the Scrutiny Unit, harnessing their technical expertise in financial matters, to conduct a more detailed and comprehensive audit of the Department's Vote. Following the publication of the Estimates and Supplementary Estimates we identified a number of specific queries which we pursued with departmental officials by correspondence.

One-off evidence sessions

22. During the year we held one-off oral evidence sessions with the Chief Executives of the Child Support Agency and Jobcentre Plus, with the Minister responsible for Employers' Liability Insurance, and with the Secretary of State on the DWP Departmental Report. The sessions with the agencies raised a number of significant concerns which we may wish to follow up with substantive inquiries in due course.

23. The session on Employers' Liability Insurance served to highlight a specific and important matter and to update the Committee on current Government policy. The annual session with the Secretary of State on the Departmental Report provided a wide-ranging discussion as usual, but with a greater scrutiny of DWP expenditure from briefing provided by the Scrutiny Unit.

Public Service Agreements (PSAs)

24. The majority of the subjects chosen for the Departmental Report session corresponded with the Department's PSA targets set by the 1998, 2000 and 2002 Comprehensive Spending Reviews (CSRs), enabling Members to question the Secretary of State on the Department's – self appraised – performance as given in its Report.

25. We commend the DWP for again providing an update in its Autumn Performance Report. And we continue to believe PSAs serve as useful yardsticks against which the Government may be judged in its delivery of public service reforms. **We will continue to monitor vigilantly the Department's performance in meeting its targets.**

Systematic Structure

26. The Committee usually meets each week when the House is sitting. In 2003 we met formally on 33 occasions and took oral evidence at 21 of those meetings. The Sub-Committee also intends to meet once every two weeks during the course of its inquiries. In addition, a considerable amount of our time is taken examining the various papers and reports from Government Departments, Executive Agencies, NDPBs, European institutions and outside organisations a summary of which is now circulated to the Committee as a Weekly Digest.

27. We are grateful to the many witnesses who respond to our requests for written evidence, as these submissions, along with oral evidence, form the foundation on which our reports are based. Although we have agreed not to take up individual cases, we assess carefully all correspondence received so that we can identify any emerging themes which

may require action and take note of comments made and issues highlighted. We also receive representations from Members of the House to which we attach great importance.

28. We travel within the UK on a regular basis in order to undertake informal meetings with those directly involved in current inquiries and occasionally take oral evidence during those visits. We place great value on visits as they help us identify and see at first hand issues that deserve attention. For example, during our inquiry into ESF we visited projects in London, Aberdeen and Edinburgh. During the childcare inquiry we visited two childcare facilities in deprived areas of West London and we visited several areas in South Wales with particularly high levels of incapacity benefit claimants as part of the Employment For All inquiry.

29. In addition to UK visits, when appropriate we also study employment and comparable social security systems overseas. In 2003 we met with visiting parliamentarians from Russia, South Korea and Italy, and have met informally and formally with other people and organisations relevant to our remit. As part of our major inquiries we also undertook brief study visits to Seville and Lisbon (ESF inquiry) and Paris and Copenhagen (Child Poverty inquiry).

30. During the year Members also attended, in a representative capacity, international conferences organised by the Network of Parliamentary Committees on Equal Opportunities for Women and Men; by the Geneva Association; and by the International Social Security Association

31. We appreciate the service provided to us by officials at the DWP, who produce briefing papers and arrange programmes for many of our UK visits, and we are grateful for the warm reception we invariably receive when visiting departmental offices. We wish to thank those staff for the assistance they have given us.

32. In our Annual Report last year we requested that: “the Department advises us in advance of consultation activities which are planned, and that we are informed of any key papers that are likely to be published, in order that we may better plan, and if necessary adjust, our programme of scrutiny”. This recommendation was taken up by the Liaison Committee and we understand that DWP’s officials have been asked to consult the Committee staff on the exact nature of the information to be given. **In spite of the lengthy delay in adopting this suggestion we welcome the potential improvement to the Committee’s work which will follow its implementation. We hope that it will also prove possible for the DWP to keep us informed, on a systematic basis, of forthcoming announcements and emerging policy issues.**

Additional support

33. The Scrutiny Unit played a prominent part in the Committee’s work, including examination in detail of the Departmental Estimates and comprehensive briefing for the oral evidence session with the Secretary of State on the Departmental Report. The additional expertise that we are able to call upon from within the Unit helped us especially in one of our core tasks: to examine the expenditure of the Department and its agencies.

34. Following the increase in the Department’s responsibilities as a result of the changes after the General Election 2001, the Committee recognised that there was a need

for additional specialist assistance in order to ensure comprehensive advice across the full breadth of the DWP responsibilities. Application was therefore made for an additional Committee Specialist concentrating on Pension policy areas. The application was approved and the additional appointment has been made, greatly assisting the Committee in its work.

35. In last year's Annual report the Committee recommended: 'that the Committee's staff should be increased so that a more proactive, systematic and ongoing scrutiny is possible.' As a result of a comprehensive staffing review, the Committee is now receiving increased clerical help and is scheduled to receive a further inquiry manager in the longer term. Even with the additional staff, the Committee's secretariat will still only comprise 7.5 staff on a full time equivalent basis..

36. In connection with its decision to set up a Sub-Committee to monitor the Department's use of Information Technology the Committee sought and received additional specialist assistance from the Parliamentary Office for Science and Technology (POST).

37. As usual, the Committee has received much valued expert help from its Specialist Advisers, who greatly assist in elucidating the many matters of complexity of subjects within our remit.

38. Further valued advice and assistance was received from the House of Commons Library and the DWP has also responded favourably to requests for additional background information.

Conclusion

39. **The range of inquiries and evidence sessions undertaken throughout the year is evidence of the Committee's commitment to effective scrutiny of the Department's full responsibilities. The additional staffing that we have received will provide much needed support to this commitment. As usual, we remain very grateful for the advice and assistance we have received from various quarters throughout the year, including academics, businesses, community groups and individuals. We also wish to record our special thanks to our small team of Specialist Advisers.**

40. **Looking towards the future, we expect, with additional co-operation from the DWP in providing greater information of its future plans, to improve further the Committee's scrutiny role on behalf of the House.**

41. **2003 may well be considered as a year in which the perceived imbalance of Parliament's scrutiny of the Executive started to be addressed. We are particularly grateful to the Liaison Committee for their support in helping to achieve this improvement.**

Conclusions and recommendations

1. We urge the Government to publish its response to our report on the Social Security Advisory Committee (SSAC) without further delay, not least in order to remove any uncertainty about the future of the SSAC. (Paragraph 6)
2. The Committee welcomes the commitment to expand the provision of Children's Centres and looks forward to seeing further details of the roll-out over the coming months. (Paragraph 13)
3. We believe the lack of pre-legislative scrutiny of the Pensions Bill by the Committee is unfortunate and although we understand the pressures on the legislative programme and those who draft the Bills, we believe there should be more consultation, if necessary on a confidential basis, of the possible candidates for future pre-legislative scrutiny. (Paragraph 19)
4. We will continue to monitor vigilantly the Department's performance in meeting its targets. (Paragraph 25)
5. In spite of the lengthy delay in adopting the suggestion for the Department to provide more information to the Committee we welcome the potential improvement to the Committee's work which will follow its implementation. We hope that it will also prove possible for the DWP to keep us informed, on a systematic basis, of forthcoming announcements and emerging policy issues. (Paragraph 32)
6. The range of inquiries and evidence sessions undertaken throughout the year is evidence of the Committee's commitment to effective scrutiny of the Department's full responsibilities. The additional staffing that we have received will provide much needed support to this commitment. As usual, we remain very grateful for the advice and assistance we have received from various quarters throughout the year, including academics, businesses, community groups and individuals. We also wish to record our special thanks to our small team of Specialist Advisers. (Paragraph 39)
7. Looking towards the future, we expect, with additional co-operation from the DWP in providing greater information of its future plans, to improve further the Committee's scrutiny role on behalf of the House. (Paragraph 40)
8. 2003 may well be considered as a year in which the perceived imbalance of Parliament's scrutiny of the Executive started to be addressed. We are particularly grateful to the Liaison Committee for their support in helping to achieve this improvement. (Paragraph 41)

Formal Minutes

Wednesday 14 January 2004

Members present:
Sir Archy Kirkwood, in the Chair

Vera Baird	Mr David Hamilton
Miss Anne Begg	Mrs Joan Humble
Ms Karen Buck	Rob Marris
Mr Andrew Dismore	Andrew Selous
Mr Paul Goodman	Mr Nigel Waterson

The Committee deliberated.

Draft report [The Committee's Work in 2003] brought up and read.

Ordered, that the draft report be read a second time paragraph by paragraph.

Paragraphs 1 to 5 read and agreed to.

Paragraph 6 read, amended and agreed to.

Paragraphs 7 to 16 read and agreed to.

Paragraph 17 read, amended and agreed to.

Paragraph 18 read and agreed to.

Paragraph 19 read, amended and agreed to.

Paragraphs 20 to 41 read and agreed to.

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

Ordered, That the Chairman do make the report to the House.

Ordered, That the provisions of Standing Order No 134 (Select Committees (Reports)) be applied to the report.

The Committee deliberated.

[adjourned till Wednesday 28 January at half-past Nine o'clock

Reports from the Work and Pensions Committee since 2002

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First Report	The Committee's Work in 2003	HC 227
First Special Report	The European Social Fund: Government Response to the Sixth Report of the Work and Pensions Committee (Session 2002-03)	HC 228

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First Report	Social Security Advisory Committee	HC 296 [including HC 1253–i of session 2001–02]
Second Report	The Committee's Work in 2002	HC 297
Third Report	The Future of UK Pensions	HC 92 [including HC 1302–i of Session 2001–02]
Fourth Report	Employment for All: Interim Report	HC 401
Fifth Report	Childcare for Working Parents	HC 564
First Special Report	Childcare for Working Parents: Government Response to the Fifth Report of the Work and Pensions Committee (Session 2002-03)	HC 1184
Sixth Report	European Social Fund	HC 680