



House of Commons  
Work and Pensions Committee

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**Pension Credit and  
Delivery of Services to  
Ethnic Minority Clients:  
Government Responses  
to the Committee's 3<sup>rd</sup>  
and 4<sup>th</sup> Reports of  
Session 2004–05**

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**1st Special Report of Session 2005–06**

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## 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

Mr Terry Rooney MP (Chairman) (*Labour, Bradford North*)  
Miss Anne Begg MP (*Labour, Aberdeen South*)  
Harry Cohen MP (*Labour, Leyton and Wanstead*)  
Mr Philip Dunne MP (*Conservative, Ludlow*)  
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### 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](http://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](http://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 Sarah Davies (Clerk), Gosia McBride (Second Clerk), Maxine Hill and Djuna Thurley (Committee Specialists), Luke Robinson (Committee Media Advisor), Louise Whitley (Committee Assistant), Emily Lumb (Committee Secretary) and John Kittle (Senior Office Clerk).

### Contacts

All correspondence should be addressed to the Clerks 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](mailto:workpencom@parliament.uk).

# First Special Report

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1. The Work and Pensions Committee agreed its Third Report of Session 2004-05, Pension Credit, on 23 February 2005. The Report was published on 9 March as House of Commons Paper No. 43.
2. The Committee also agreed its Fourth Report of Session 2004-05, Delivery of Services to Ethnic Minority Clients, on 23 March 2005. The Report was published on 6 April as House of Commons Paper No. 268.
3. We have now received the Government's Response to these reports in the form of memoranda from the Secretary of State for Work and Pensions. These memoranda are printed as Appendices to this Special Report.

## Appendix A

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### Pension Credit

The Government welcomes the Third Report of the Work and Pensions Select Committee Session 2004-05, on Pension Credit which was published on 9 March 2005.

Pension Credit has become a major tool in the Government's strategy for tackling poverty for today's pensioners. The Select Committee's report acknowledges that since its introduction in October 2003, Pension Credit has delivered a significant increase to the incomes of many older people. The latest figures, published on 20 June 2005, show that nearly 3.29 million individuals in just over 2.7 million households are getting Pension Credit. This is 900,000 more households than previously received the Minimum Income Guarantee.

The guarantee credit, which is received by 2.1 million households, means in effect that no single person aged 60 or over need live on less than £109.45 a week (£167.05 for couples). And for the first time people aged 65 and over are being rewarded for making provision for their retirement through the savings credit which goes to 1.9 million households.

Taken together, measures introduced by the Government since 1997 mean that £11 billion more will be spent on pensioners in 2005/06 compared with the 1997 system. Almost half of this extra spending is going to the poorest third of pensioners. For the average pensioner household the result of the Government's personal tax and benefit changes is that in 2005/06 they will be £1,500 a year (£29 a week) better off than under the 1997 system.

The main body of this document provides detailed responses to the Committee's recommendations. The remainder of this introduction highlights a number of developments since the Committee's report was published.

In paragraph 116 of its report the Committee acknowledges the value of take-up targets for Pension Credit. The 2002 Public Service Agreement (PSA) committed the Department to the first ever take-up target for any benefit. Underpinning the overall 3 million caseload

target, the Department also committed to achieve a caseload for the guarantee credit, which goes to the least well-off pensioners, of 2.1 million. That commitment was achieved in March 2005, a year ahead of schedule. Although definitive National Statistics figures on Pension Credit take-up will not be available for some time, the Government estimates that the current number of guarantee households represents take-up in excess of 80 per cent. For single women aged 60 or over, the figures indicate that take-up of the guarantee credit may already be as high as 90 per cent.

Take-up of Pension Credit, at over 2.7 million households is broadly what the Government was aiming for by this point. The take-up commitment (underpinning the PSA target) for the guarantee credit, at 2.1 million, has been achieved a year early. However there is some evidence that eligibility for Pension Credit is less than the four million initially estimated, so that the 2006 target of 3 million would represent take-up of more than 75 per cent. With the increase in take-up now slowing down, and with the majority of those yet to take up being entitled to relatively small amounts, an overall caseload of 3 million will be a difficult target to reach by 2006. Given future improvements in data matching, the target that 3.2 million households should be in receipt of Pension Credit by 2008 still appears attainable.

The main access channel for The Pension Service is the telephone, with face-to-face contact provided where needed by The Pension Service Local Service, which has played a key role in encouraging take-up. In addition to the service developments described in its evidence to the Committee, the Government published its cross-Government strategy on ageing, *Opportunity Age*<sup>1</sup> and the Adult Social Care Green Paper<sup>2</sup> in March 2005.

These documents acknowledge that the ageing of the population demands a new kind of response from Government and society as a whole, particularly for services such as health, care, housing and transport. To support an integrated network of services for older people they propose the development of a simplified assessment for care so that older people only have to give information once in order to access the full range of support available.

*Opportunity Age* also seeks feedback on ways in which services can be improved to take better account of the wide-ranging needs of older people in this new millennium and the Government would welcome the Committee's views on this.

The Select Committee's Inquiry considered the impact and progress of the move to make Direct Payment the normal method of payment for Pension Credit, along with other DWP benefits. Since the Committee published its report the Department successfully achieved this in March 2005. The PSA target to pay 85 per cent of all customers by Direct Payment was achieved in December 2004, about a year ahead of schedule. The proportion of direct payments for pensioners is over 95 per cent.

In paragraph 201 of its Report, the Committee recommended that, to help individuals plan ahead, the Government should give details about the direction and timescale for future reform. The Government set out the principles that will guide future decisions on reform

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<sup>1</sup> *Opportunity Age – meeting the challenges of ageing in the 21<sup>st</sup> century* (Cm 6466, March 2005)

<sup>2</sup> *Independence, Well-being and choice: Our vision for the future of social care for adults in England* (Cm 6499, March 2005)

of the pension system in *Principles for reform: The national pensions debate*<sup>3</sup>, which was published on 24 February 2005. This document was a first step towards promoting debate and building the consensus that will be necessary to bring forward a long-term solution to the issue of providing adequate incomes in retirement.

The Pensions Commission is due to produce its final report in the autumn. The Government agrees with the view the Commission expressed in its earlier findings that this is an area where it is important not to rush to immediate conclusions. The Government will seek to proceed on the basis of the widest possible consensus. This consensus needs to span political parties and institutional stakeholders such as employers, unions and the financial sector as well as the wider public. Over the coming months DWP Ministers will be taking the debate out across the country, to ensure that as many people as possible have an opportunity to contribute. The Government looks forward to the Pensions Commission's final report and will welcome the Select Committee's participation in the general debate.

## ***Response to the Committee's Recommendations and Conclusions***

### ***Pension Credit and pensioner incomes***

#### **1. We welcome the fact that the Pension Credit has increased the incomes of many pensioners.**

The Government welcomes the Committee's recognition of this fact. There has been further progress since the Committee published its report and as at the end of March 2005, nearly 3.29 million people in just over 2.7 million households were being assisted through Pension Credit payments.

2.1 million of these households are receiving the guarantee credit, which helps the least well-off pensioners, compared with around 1.75 million households getting the previous Minimum Income Guarantee at the start of the Pension Credit take-up campaign. 1.9 million households receive the savings credit which for the first time provides a reward for people who have made some provision towards their retirement income during their working lives.

2003/04 figures incorporating the first six months of Pension Credit show that the proportion of pensioners in absolute low income (after housing costs) fell between 1996/97 and 2003/04 from 28 per cent to 9 per cent, with 1.9 million pensioners lifted out of absolute poverty.

As the Institute for Fiscal Studies (IFS) has said<sup>4</sup>, "Pensioner poverty continues to fall dramatically" and "for the first time in almost 20 years, a pensioner drawn at random from the population is less likely to be in poverty than a non-pensioner."

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<sup>3</sup> *Principles for reform: The national pensions debate* (Department for Work and Pensions, February 2005)

<sup>4</sup> IFS, *Poverty and inequality in Britain*, (March 2005)

### *Pension Credit and pensioner poverty*

**2. The Committee recommends that the Department publishes separate statistics on pensioner poverty for the first and second halves of 2003-04 to give a better indication of any early impact of the Pension Credit on pensioner poverty.**

Poverty is complex and multi-dimensional and the Government does not seek to measure it by reference to a single set of statistics. The sixth annual *Opportunity for All*<sup>5</sup> report, published in September 2004, sets out the Government's strategy for tackling poverty and social exclusion and presents information on the indicators used to measure progress against this strategy. However, low income is clearly an important factor and analysis suggests the overall strategy to tackle pensioner poverty is having an impact on the incomes of older people. In response to the Committee's request the Department's statisticians have therefore prepared separate estimates for people over State Pension age (SPA) in households on less than 60 per cent of contemporary median income for the two halves of 2003-04. The estimates are:

Period	Income before housing costs	Income after housing costs
April 2003 – September 2003	22%	21%
October 2003 – March 2004	20%	18%

The results suggest that there was a reduction in the proportion of people over SPA with income below 60 per cent of median income between the first and second halves of 2003-04. This is the reverse of the usual pattern over a run of years, which is for the proportion to be lower in the first half of the year than the second half, although the exact size and frequency of this effect depends on the precise methodology chosen to generate half-year results.

It should be noted that whilst half-year results can be calculated in a variety of similar ways, estimates show that regardless of the method used the proportion of people over SPA in low income was lower in the second half of the year than in the first half.

The methodology of the Households Below Average Income low-income statistics is not designed to support half-year results. Furthermore, the sample size of the Family Resources Survey, from which HBAI statistics are primarily drawn, is necessarily smaller for half-year estimates. But although the half-year figures are not of National Statistics status, they do give a good indication of the combined impact on pensioner poverty of Pension Credit and the Government's other measures to improve pensioner income and boost benefit take-up.

### *The Pension Service and the implementation of Pension Credit*

**3. The introduction of Pension Credit has gone smoothly and The Pension Service has provided a good quality of service for many pensioners. The Committee recommends**

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<sup>5</sup> *Opportunity for all* (Cm 6239, September 2004)

**that further work is done soon to improve the accuracy and quality of completed claim forms being sent out to claimants.**

The Government welcomes the Select Committee's conclusion that the introduction of Pension Credit has gone smoothly and its recognition of the quality of service provided by The Pension Service. It is committed to sustaining and improving the level of both customer service and accuracy.

The Pension Credit Application Line (PCAL) has put in place comprehensive quality-monitoring processes which conform to standards set by the Customer Operations Performance Centre (an internationally recognised contact centre consultancy, which has developed a rigorous certification programme regarded as the industry standard). These processes include monitoring, by team leaders, of sample application calls for each member of staff and checking the quality of their ability to take calls and complete application forms. If a member of staff does not meet the required standard, additional monitoring and checking takes place and appropriate action, including giving remedial training where necessary, is taken to rectify the situation. All team leaders attend regular standardisation sessions, at which sample calls and forms are examined for quality and consistency. These sessions help to ensure that standards and consistency are maintained across teams.

At the end of an application call, agents explain that customers should check the completed form sent to them, and make any necessary amendments, before signing and returning it. The letter accompanying the form also asks customers to check the form to make sure the details are recorded correctly before signing.

In the six months from October 2004 to March 2005, PCAL received 40 complaints specifically about the non-receipt of completed application forms, the receipt of a blank form, or a form with incorrect entries. During this period, PCAL issued a total of 239,085 application forms. The very low number of complaints specifically about forms suggests that, where an error is made, customers are generally content with the action taken to rectify it. However, PCAL has noted the comments by Citizens Advice about problems with forms and will take further steps to reduce errors.

**4. The Committee recommends that a freephone number for contacting Pension Centres be provided by 1 October 2005. The Committee also recommends that procedures are reviewed by 1 May 2006 to ensure that complaints about delays in applications and queries about the correctness of awards are dealt with swiftly.**

The Department's approach when deciding the basis on which its phone services are provided is that freephone services may be appropriate where the aim is to encourage as many people as possible to call. That is why PCAL was set up to take Pension Credit applications with a freephone number. The Department does not consider it unreasonable for calls of a more general nature to pension centres from BT landlines to be charged at local rates. Pension centres will always telephone a customer back if requested.

Under current arrangements, pension centre staff aim to reply to complaints about delays in applications within seven working days. If they cannot provide a full reply in this time,

they will let the customer know the reason and say when they can expect to receive a full reply.

The Pension Service is reviewing its complaints procedures in readiness for the Independent Complaints Examiner, whose remit will extend more widely across the Department, initially as a prototype from October 2005, with a view to a full roll-out from April 2007. The Independent Complaints Examiner will provide an additional independent, non-statutory, tier to the complaints procedures for all the Department's Agencies and will submit recommendations following investigations into complaints directly to the Agencies' Chief Executives. It will highlight areas of weakness and show where changes can improve customer experience. Currently the Independent Complaints Examiner operates within the Child Support Agency and it is considered by the Parliamentary Commissioner for Administration to be a model of good practice.

**5. The Committee recommends that in the course of its audit of accuracy of Pension Credit awards, the NAO should investigate and publish the extent of inaccuracy due to undiscovered entitlement to 'qualifying benefits' such as Attendance Allowance and Carer's Allowance.**

As the Committee recognises, the Department's accuracy rates are checked internally and then audited by the National Audit Office. The Pension Service acknowledges that there have been some errors in cases where the applicant has entitlement to a benefit which would increase their Pension Credit entitlement. It will explore further with the NAO the scope for further joint work on this issue.

**6. The Committee recommends that new technology allowing award letters to be amended by staff should be prioritised and customer representative groups consulted on future output.**

The Pension Service will look for opportunities to improve material directed at customers as part of the delivery of the Pensions Transformation Programme. The transformed State Pension application process, which will begin to roll out from August 2005, will allow some materials, such as award notices, to be tailored automatically by the system to the customers individual circumstances, based on information already held or provided by the customer. The Social Security Advisory Committee (SSAC) has been consulted on the changes and testing has been carried out with customers and customer representative groups in order to obtain their feedback. Customers, their representative groups and the SSAC will continue to be consulted on future changes.

**7. The Committee recommends that the Department review the information, training and supervision provided to Pension Service staff to ensure they are able to provide good quality information on more complex issues and on disability and carer's benefits.**

The Pension Service is committed to providing high quality training and guidance to its staff to enable them to give excellent customer service. Findings from recent customer surveys reinforce the findings of the Committee that some improvements in staff training and guidance are needed in certain complex issues such as the interaction between pensioner benefits and disability and carers' benefits.

As a result of these findings The Pension Service has reviewed the content of training material and has now issued improved material. This makes more effective use of new technology to provide better training for staff and ensures they subsequently have access to up-to-date on-line guidance, particularly for more complex cases where they need most support. This material can be supplemented by exchange visits with colleagues in the Disability and Carer's Service to provide support and advice on Attendance Allowance and Carers Allowance, and their interaction with pensioner benefits.

### ***Local Service***

**8. In the absence of a 'high street' presence, the Committee recommends that the Department do more to actively promote the availability of home visits, details of Local Service Information points and arrangements for verifying documents locally.**

The main access channel for The Pension Service is the telephone but home visits by Local Service or appointments at a convenient location are available to any customers who are unable to transact their business in this way. Details of a customer's nearest Information Points are available on the Internet or by ringing 0845 60 60 265.

Leaflets such as 'The Pensioners' Guide provide full details of how to access all services including a home visit. These leaflets are widely available from over 5,000 hard copy information points in partners' premises and places that customers visit frequently such as GP surgeries.

Many older people have stated their preference for dealing with local organisations and their dislike of having to put original documents in the post. The Government has therefore made it possible for local organisations to act on behalf of the Secretary of State if certain conditions are met. The "Alternative Office" initiative, part of the Link-Age programme, allows authorised local partner offices to receive and verify social security claims made by older people.

**9. The Committee recommends that The Pension Service should monitor the Local Service Partnership working, carefully evaluate its impact on sources of advice and advocacy, and then by 1 July 2006 develop a plan for improving partnership in areas where it may be found to be weak.**

Effective partnership working between The Pension Service and its external stakeholders is key to the Government's vision of future services for older people. Current arrangements are evaluated as part of the Link-Age programme. They are also monitored and evaluated on a day-to-day basis by the Local Management Boards which are sensitive to the position of groups such as Citizens Advice which also act as advocates for customers of The Pension Service and need to ensure this role is not compromised by partnership working.

It would be difficult for The Pension Service to monitor partnerships nationally and unilaterally because they often have multiple partners, there is no "national model", nor would it be practical to have one.

### ***Efficiencies and the Pensions Transformation Programme***

**10. The Committee recommends that by 1 October 2005, to help increase confidence, the Department prepares and publishes the business case for reducing staff to 14,605 by March 2006, including a plan to deal with weaknesses such as current case backlogs.**

In a letter to the Committee in January 2005, the then Minister for Pensions Malcolm Wicks agreed to share the content of the business case for the Pensions Transformation Programme once it had completed usual approval processes in Government. This is still the intention.

The Pension Service considers that the current volumes of outstanding cases represent a normal and reasonable level of work awaiting processing and do not amount to a backlog. In March 2005, just over 96 per cent of State Pension applications were cleared within 60 days, against the target of 95 per cent. In the same month, the actual average clearance time for Pension Credit applications was 8.7 days, against a target of 10 days.

**11. The Committee recommends that staff reductions are postponed if there is any further delay to implementation of the Pensions Transformation Programme or, if it proves unable to deliver the expected efficiencies, or if there are signs that the quality of service is deteriorating.**

It is accepted that the levels of efficiencies expected within The Pension Service are largely dependant upon timely implementation of the Pensions Transformation Programme. One of the main reasons for implementing this programme in a series of waves is to ensure there is no adverse impact on customer service during implementation. It will also allow an evaluation at the end of each wave to assess the impact on quality of service, and to validate the original estimates of the efficiencies expected. Previous decisions to re-schedule The Pensions Transformation Programme have already been reflected in the timetable for any associated efficiencies, and this approach will also be adopted in the future if necessary.

**12. We urge the Government to make an announcement by 1 June 2005 on the share of cuts across DWP, and that staff at non-transformation Pension Centres should be kept fully informed throughout the process of change.**

In March 2005 the Department provided the Select Committee with a breakdown of headcount savings, for SR2004, by business. That same information has also been provided to the Department's Trade Union Side and has been made available to all staff on the Department's intranet site.

The approach of the Pensions Transformation Programme to communications with staff in The Pension Service is designed to ensure that all staff are engaged and involved in the transformation at all stages. The Pension Service will deliver a series of internal events and communications that will help people to understand what the transformation means for both customers and staff. It will demonstrate why change is needed, how delivery of a more holistic and efficient customer service will be achieved, and what it means for every member of The Pension Service through each stage of the transformation programme.

For example, for the day of the announcement on 13 January 2005 which outlined the future of The Pension Service all Pension Centre Managers were issued with a comprehensive communications pack in advance to support full and open discussion on the day. In addition, each Senior Operational Officer led face-to-face group discussions

with staff at sites which would not be part of the transformation programme to explain what the announcement would mean for them.

**13. We welcome the assurance that there will be no further reductions in front-line Local Service staff, but recommend that there should be more consultation with national and local partners on service delivery.**

At local level partners are fully consulted about proposed changes to service delivery through liaison with the Local Service staff in their area. These normal liaison arrangements have been more effectively formalised through the introduction of Joint Teams.

At national level The Pension Service chairs the Partners Against Poverty Steering Group. This draws together The Pension Service, the Local Government Association, Council of Scottish Local Authorities, Scottish Executive, Welsh Assembly, other government departments and other Department for Work and Pensions' businesses. It also includes key partners from the voluntary sector including organisations of and for people with disabilities and people from ethnic minority communities. There are national accords in place with the Local Government Association, National Association of Citizens Advice Bureaux, Age Concern and Royal National Institute for the Blind.

Partners Against Poverty works as a co-coordinating body on issues relating to pensioner poverty. Its focus is to evaluate existing and future work on combating poverty amongst older people in the UK, with particular emphasis on financial poverty, benefit take-up and barriers to claiming. It liaises with other consultative bodies such as Better Government for Older People, considers new initiatives and helps inform developments of new business processes and marketing campaigns. The group will make a yearly report to the Secretary of State for Work and Pensions and it also publishes a regular newsletter which is issued to members for onward communication within member organisations.

Alexis Cleveland, Chief Executive of The Pension Service meets senior representatives of national partner organisations on a regular basis to discuss ways in which The Pension Service, can improve the service it provides. In January 2005, The Pension Service appointed a board-level Customer and Acquisition Director, Nigel Richardson. Previously he had held positions with Marks and Spencer plc, Next, and was Director of Customer Marketing at Npower. He also has international experience in Europe and America working with the Otto Versand Retail Group. A key element of his duties will be to develop more sophisticated marketing approaches for Pension Credit take-up.

The Pension Service holds an annual forum every year where partners provide feedback on service delivery issues and discuss future plans. Issues affecting older people are also discussed at the Department's Annual Forum and the Annual Forum (Scotland). Delegates from over 300 organisations attended these events in 2004.

The Department's commitment to effective engagement with partners was demonstrated by the wide-ranging consultation carried out following the publication of *Link-Age - developing networks of services for older people*<sup>6</sup> in August 2004. This included 20 regional

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<sup>6</sup> *Link Age – developing networks of services for older people* (Department for Work and Pensions in collaboration with the Local Government Association and other government departments, August 2004)

events, aimed at local partner organisations and older people themselves. In addition, over 100 written responses were received. The Department has published a summary of the consultation responses, and the Government's reaction to them, on The Pension Service website. The consultation has played an important role in determining the proposals on service improvement set out in the UK strategy on the ageing society *Opportunity Age – Meeting the challenges of ageing in the 21st century*<sup>7</sup>. Initiatives such as proposals for a new Link-Age Plus pilot to provide a fully integrated service for older people, and a Pensioners' Guide being sent automatically to everyone reaching the age of 65, are results of feedback from the consultation.

**14. We recommend that DWP establishes a 'standards committee' (including voluntary organisations and local authorities) tasked with producing six-monthly reports on how The Pension Service is proceeding with its programme of efficiencies and the impact this is having on the service it is able to provide.**

Both the Department and The Pension Service already have in place arrangements to ensure rigorous and transparent monitoring of service levels and any impact on them of the efficiency programme.

The Department for Work and Pensions' Standards Committee produces an annual report on the quality of decision-making and presents relevant findings to The Pension Service Management Board annually. In addition to the results of the Department's annual national customer survey, The Pension Service also conducts a rolling programme of "mystery shopping". Results from this exercise and progress on any actions implemented to address identified issues are considered by the Management Board quarterly.

There is also a Pensions Audit Committee which meets quarterly and is chaired by one of The Pension Service's non-executive Directors. Its membership includes representation from the National Audit Office. The Committee's remit covers internal control measures and mechanisms such as effective governance, risk management, internal audit and reporting, all of which have an impact on the level of service and the performance of the organisation as a whole. The Management Board and the equivalent group that manages The Pension Service programme of change include non-executive representation from outside the Department such as local authorities and voluntary organisations.

Following the Gershon Review, Lord Sainsbury has been asked to lead work across government, via the National Standardisation Strategic Framework on the use of standards in supporting recommendations arising from that work. It would not be appropriate to establish a new standards committee along the lines proposed by the Work and Pensions Committee before the Department has received and studied the outcome of Lord Sainsbury's work. A copy of the outcomes of the Sainsbury review will be made available to the Select Committee once the Government has had time to consider its recommendations.

### **Take-up and Targets**

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**15. We recommend that by 1 October 2005, the DWP, established a target based on the amount of Pensions Credit unclaimed, and that the Family Resources Survey be used to gain a better understanding of overall take-up of means-tested benefits by pensioner households (including Pension Credit, Housing Benefit and Council Tax Benefit) in order that resources to increase take-up can be focused on those who are missing out on the largest amounts. Government estimates suggest that about one and a half million people are not receiving the Pension Credit to which they are entitled. The current strenuous efforts to increase take-up must continue to ensure this figure is reduced.**

The Government is committed to continually exploring ways of identifying those pensioner households missing out on the largest amounts of unclaimed entitlements. Take-up, measured as the proportion of eligible individuals or households claiming their entitlement, can only be estimated with a long time-lag and the measures are subject to wide margins of uncertainty. The uncertainties are greater for total amounts unclaimed than for numbers of people not claiming. The Government is exploring alternative ways of monitoring changes in take-up amongst least well-off pensioners by examining changes in caseload.

As the Committee points out, strenuous efforts are already being made by The Pension Service to ensure that people who are entitled to Pension Credit receive it. Improvements set out in the Pensions Transformation Programme and joint working between the Local Service and their partners in local communities will ensure that their work continues to reach out to find those who have not yet applied.

**16. We recommend that the Government undertakes and then publishes research providing estimates of eligibility for Attendance Allowance and Disability Living Allowance, and of the potential impact of this on Pension Credit eligibility, and soon thereafter announces a take-up target for disability benefits.**

The Government acknowledges that there are no reliable estimates for the numbers potentially entitled to Attendance Allowance and Disability Living Allowance, receipt of which can have a significant impact on an individual's entitlement to Pension Credit. Setting targets for take-up of these benefits is constrained because there is no methodology for producing such estimates. Entitlement to disability benefits depends not on a specific diagnosis but on the care and mobility needs arising from one or more impairments for a given individual in a given set of circumstances. This means that entitlement can only be reliably determined after a claim has been made, and not predicted in advance.

However, partly due to increased awareness campaigns and work with partner organisations, in the five years to November 2004, the number of people receiving Disability Living Allowance has increased by 26.7 per cent—by 3.9 per cent in the last 12 months alone. For Attendance Allowance the increases are 12.9 per cent and 3 per cent respectively. This indicates that general awareness of these benefits is good, and continuing to improve. The creation of Joint Teams between The Pension Service Local Service, local authorities and in some cases the voluntary sector means that older people will receive a joined-up service providing single access to social care and benefit entitlements. This will help to ensure that customers are made aware and take up their full range of entitlements. There are 40 Joint Teams currently operational. The Pension Service aims to reach

agreement for the setting up of Joint Teams within all primary tier local authorities by September 2005, with full rollout expected by June 2006.

**17. The Committee acknowledges the value of take-up targets for Pension Credit but recommends that they should be set at a more challenging level, supported by the necessary resources to make them attainable.**

The Spending Review (SR) 2002 PSA target of 3 million households receiving Pension Credit by 2006 represented a higher level of take-up than the prevailing level of the Minimum Income Guarantee which was around 1.75 million before the Pension Credit campaign started to boost it in April 2003. The commitment for those receiving the guarantee credit – 2.1 million households by 2006 – also represents a significant advance. For SR 2004, the Government raised the challenge for 2008 to 3.2 million households, with 2.2 million to be receiving the guarantee credit. These targets are intended to ensure that the significant fall in the number of pensioners on relatively low incomes is sustained.

The resources invested in The Pension Service have secured progress towards those targets. The Department achieved the commitment to be paying the guarantee credit to 2.1 million households by March 2006, which underpins the Department's PSA target, in March 2005 - a full 12 months earlier than required. The guarantee credit goes to the least well-off households, and although definitive National Statistics figures on Pension Credit take-up will not be available for some time, it is estimated that the current number of households receiving the guarantee represents take-up in excess of 80 per cent. For single women over SPA, the figures indicate that take-up of the guarantee credit may already be as high as 90 per cent.

Take-up of Pension Credit, at over 2.7 million households is broadly what the Government was aiming for by this point in time. However there is some evidence that eligibility for Pension Credit is less than the 4 million initially estimated, so that the overall target of 3 million represents take-up of more than 75 per cent. With the increase in take-up now slowing down, and with the majority of those yet to take up being entitled to relatively small amounts, an overall caseload of 3 million households will be a difficult target to reach by 2006. Given future improvements in data matching, the target that 3.2 million households should be in receipt of Pension Credit by 2008 still appears attainable. The focus of the take-up campaign now concentrates on those people likely to be entitled but who have not responded to approaches so far. The campaign is looking at all the needs of the customer, with Pension Credit being one element of what the help on offer. New marketing campaigns have been developed, which maximise the use of available data and which are carefully targeted on the regions and on the demographic groups that are under-represented in relation to the volume of Pension Credit applications received.

**18. Given the advantages for benefit take-up, the Committee recommends that guaranteed funding should be provided to enable the Pensions Transformation Programme to be implemented as originally planned, without a break between Waves 1 – 2 and 3 – 5.**

The Department's allocations for the period covered by the SR 2004, up to March 2008, were finalised at the beginning of April 2005. These allocations reflect the difficult decisions which had to be taken when deciding Departmental priorities. Whilst the

financial settlement for The Pension Service does not include funding for the development and implementation of waves 3 to 5 of the Pensions Transformation Programme, it does provide for several other initiatives which should go some way to achieving similar outcomes by other means. The roll-out of Joint Teams to refocus local services on a more holistic approach to customer visiting, exploring ways of more effective sharing of customer data with Her Majesty's Revenue and Customs and working more closely with local authorities to improve Council Tax Benefit take-up are all examples of joined-up working aimed at improving customers' take-up of their total welfare entitlement.

**19. The Committee recommends that The Pension Service should be allowed to accept recent assessments of income and capital made for the purpose of assessing claims for Housing Benefit and Council Tax Benefit.**

The Pension Service is working closely with its partners to improve customer service and enhance the exchange of information where it is appropriate to do so. This will go some way to achieving the desired effect of removing the need for the customer to provide the same information several times to access all their entitlements.

Because of the different rules and structure of Pension Credit and Housing Benefit/Council Tax Benefit it is not sufficient to know that someone is in receipt of Housing Benefit/Council Tax Benefit to award Pension Credit: full income and capital data is needed to assess entitlement. Work is needed to identify the most effective and appropriate route to transfer income and capital data to the Department and changes being taken forward as part of a planned Housing Benefit Reform Bill will allow for the information and evidence obtained for one income-related benefit be to used to inform a future claim to another benefit.

The number of Joint Teams including staff from both The Pension Service and Social Services Fairer Charging teams is steadily increasing with the aim of achieving full national roll-out by June 2006. This will enable a more "whole person" approach to customers, as Joint Teams deal holistically with financial assessments and claims across a range of benefits and other entitlements including Fairer Charging, Supporting People, Pension Credit, Housing Benefit and Council Tax Benefit.

A pilot initiative has been undertaken to permit partner organisations to take benefit claims and to verify information on behalf of the Secretary of State. This arrangement is known as "Alternative Offices" and allows customers to access a local organisation which will act on behalf of The Pension Service. The partner organisation ensures applications contain all the necessary information for processing purposes, removing the need for The Pension Service to make further contact with customers for clarification.

Joint Teams and Alternative Offices can proceed under existing legislation and within planned financial forecasts. This will ensure that, with the customer's informed consent, information will need to be given only once at a single face-to-face contact which will then be shared between the various agencies involved.

**20. The Committee recommends that the process for establishing entitlement to the carer's addition in Pension Credit should be streamlined.**

People aged 16 or over who provide regular and substantial care to a severely disabled person may qualify for Carer's Allowance. For carers over age 60, an extra amount of £25.80 can be added to the standard Pension Credit guarantee if Carer's Allowance is in payment, or there is an underlying entitlement. As the Committee notes, in order to establish entitlement to the extra amount for carers, the basic conditions of entitlement to Carer's Allowance must be met, even though in some circumstances it cannot be paid because of the overlapping benefit rule.

The Disability and Carers Service and The Pension Service are working jointly to identify a number of ways to improve the current experience of pension age customers who seek to gain their rightful entitlement to the additional amount for caring. In particular they are focusing on improving staff guidance, training materials and processes, and increasing staff awareness.

In the interim, The Pension Service is matching customer data from the Carer's Allowance and Pension Credit Computer systems to identify any Pension Credit recipients who have underlying entitlement to Carer's Allowance but are not receiving the additional amount for carers.

**21. The Committee recommends that the transfer from Income Support to Pension Credit should be automatic, with steps taken to contact individuals for any extra information required.**

Pension Credit is a separate entitlement, not a continuation of Income Support. When customers reach the qualifying age for Pension Credit their circumstances may well change because, for example, they start to receive retirement income such as occupational and personal pensions (including a lump sum). It cannot therefore be assumed that those in receipt of Income Support will automatically be entitled to Pension Credit on reaching the qualifying age; conversely, in some cases it may well be to the customers advantage for their circumstances to be reviewed.

There is a process in place to manage the transition of customers in receipt of Income Support or Jobseeker's Allowance to Pension Credit. Jobcentre Plus reminds those customers of the need to apply for Pension Credit four months before their sixtieth birthday. Where no Pension Credit application has been received, a further reminder is sent six weeks before the customer's sixtieth birthday. Although this process generally works, The Pension Service accepts that it is not as effective as it could be in all cases, to provide a smooth transfer from Income Support or Jobseeker's Allowance to Pension Credit. The Pension Service and Jobcentre Plus are working closely together to consider what changes could be made to improve the experience for customers transferring between these benefits.

The Department has also considered the operation of the transfer process on other benefits. For example, from 6 October 2003 new rules were introduced for people in receipt of Housing Benefit and/or Council Tax Benefit where either:

- a) their Income Support or Jobseeker's Allowance (income-based) claim has terminated because they have reached 60 or 65 and they now need to claim Pension Credit; or
- b) a partner aged 60 has claimed Pension Credit.

In these cases, the local authority will be notified that Income Support or Jobseeker's Allowance (income-based) has ceased because of the reasons outlined above. In these cases the local authority is now able to continue payment of full Housing Benefit and/or Council Tax Benefit for a further four weeks beginning on the day following Income Support or Jobseeker's Allowance (income-based) entitlement ceased, so long as the person still satisfies the other conditions of entitlement to Housing Benefit and/or Council Tax Benefit e.g. they continue to be liable for rent.

### **Direct Payment**

**22. The Committee recommends that DWP discontinues the requirement that people who need to open an account in order to receive payments of Pension Credit have a telephone discussion with Conversion Centre staff before making a decision. DWP should provide a letter giving a detailed explanation of choices making a decision about the types of accounts available. The freephone number should remain for customers who have further queries or remain unsure about their options.**

A number of witnesses provided the Committee with anecdotal evidence to back up their views that the process for opening a Post Office® card account had a number of unnecessary steps and was so complex that it was putting people off applying for a card account. While the Government accepts that some people may have felt the experience to be complex, independent research conducted for the Department<sup>8</sup> makes it clear that this is not the general view.

The move to make Direct Payment the normal method of payment was successfully achieved in March 2005 and the Customer Conversion Centre has now closed. The PSA target to pay 85 per cent of customers by Direct Payment was achieved about a year ahead of schedule. In 2002, only 43 per cent of customers were paid by Direct Payment, by April 2005 well over 90 per cent of customers were being paid by Direct Payment. The figure for pensioners is over 95 per cent. The small number of customers who cannot be paid by Direct Payment are being paid by cheque, which can be cashed at a Post Office, by the customer or a carer, or paid into a bank account.

More than 4 million people have opened a card account, significantly exceeding the original operating assumption of 3 million. Independent research for the Department<sup>9</sup> shows that around 80 per cent of people described the process for opening a card account as "easy". The general experience of Direct Payment is shown as being extremely positive. Direct Payment is proving popular – 88 per cent of pensioners were satisfied with the process of converting to Direct Payment, and 92 per cent with having their payment made into an account. Only 2 per cent of customers reported problems using PIN pads or remembering their PINs. Less than 1 per cent of those customers who have moved to Direct Payment would like their old order book back.

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<sup>8</sup> Adams L, Bunt K and Bright D, 2004, *Customer Experience of Direct Payment*, Department for Work and Pensions In-house Report 150

<sup>9</sup> Adams L, Bunt K and Bright D, 2004, *Customer Experience of Direct Payment*, Department for Work and Pensions In-house Report 150

The requirement to discuss options with the Conversion Centre has already ceased. With the end of the formal programme to convert existing customers to Direct Payment, the way people contact the Department for Work and Pensions to discuss their account options, and the types of customers opening card accounts, has changed. The Customer Conversion Centre closed on 20 April 2005, and the Information Line on 20 May 2005. Customers who need to contact the Department to discuss their options will, in future, contact the office dealing with their claim as they do for all other enquiries. In the case of Pension Credit customers this will be a Pension Centre where staff will have all the information they need to deal with questions about Direct Payment.

When customers contact the Department to discuss the choices available to them they will be reminded of all of their account options, including those that can be accessed at Post Offices. During the Direct Payment conversion exercise, the overwhelming majority of customers opening a card account were already receiving a benefit or pension. Now that conversion has finished, those opening card accounts are far more likely to be making a new claim. The vast majority of pensioners making a new claim simply provide details of an existing account into which they wish their money to be paid. However, all customers making new claims are provided with information on the card account with their new claim pack and, in the case of Pension Credit customers, are advised to contact their Pension Centre if they wish to open one.

The Government welcomes the fact that in paragraph 145 of its report the Committee acknowledges the importance the Government attaches to ensuring that customers are aware of all of their account options (including the limited features of the card account) before making their final choice and why the Personal Invitation Document is a key part of the card account opening process. It believes experience has shown that the process for opening a card account has generally worked very well and does not see a case for making significant changes at this stage.

**23. We recommend that DWP works with Social Services Departments and Post Office Ltd to try to find a solution to the difficulties faced by pensioners who need their money collected by a third party.**

It was recognised at an early stage that not everyone could be paid by Direct Payment. The Department for Work and Pensions worked closely with customer representative groups and others including Help the Aged, Age Concern, RNIB and the Local Government Association in the design process that culminated in the introduction of cheque payments. These are aimed at people for whom direct payment into a bank account is, for whatever reason, unsuitable. They are in particular a straightforward solution for those who have a number of different people, including carers, collecting their money for them. The Department is keen to continue engaging with all interested parties to ensure that the services it provides continue to meet its customers' needs. It is already monitoring the operation of cheques very closely and so far they are proving a reliable and flexible way of meeting the needs of the small number of people who cannot be paid by Direct Payment.

**24. The Committee recommends that the Department should do more to publicise the Exceptions Service.**

In line with its policy on financial inclusion the Government has made it clear that it believes that payment into a bank account is the best option for the overwhelming majority of customers. Households that operate entirely in cash are, for example, unable to make savings on utility bills by using direct debits and are more vulnerable to loss or theft. They are also far more likely to use the alternative credit market where they will pay interest rates many times that of a standard overdraft. This will often contribute to spiralling debt where those who are struggling to make payments do not have access to free face-to-face money advice.

For these reasons, while the Department ensures that staff are properly trained to help customers understand all their account options, it does not seek to promote cheque payments (previously referred to as the “Exceptions Service”) beyond the small group of customers who are unable to use a bank Post Office® card account. When customers who cannot open or manage an account contact the office dealing with their claim, staff make sure they understand all of the account options available to them, including easy to operate accounts such as basic bank accounts and the Post Office® card account. If the customer feels that none of the options is suitable for them then The Pension Service will arrange for them to be paid by cheque.

**25. We welcome the fact that it may be possible for replacement payments to be delivered through a home visit. We urge the Government to publicise its guidance on the Exceptions Service as soon as possible. We recommend that pensioners being paid under the Exceptions Service should be sent cheques in batches of four.**

There are no formal eligibility criteria and no discrete application process for access to cheque payments. Generally, where a customer asks to be paid by cheque, if it seems that the customer might benefit from payment into a bank account staff will explain what the advantages of the latter are. If the customer still says that they wish to be paid by cheque then they will be paid in that way, even if it is perfectly clear that they could be paid into a bank account.

As mentioned at paragraph 79 above, considerable effort was put into working with a range of customer representative groups to design the features of the cheque payment system to ensure that it met the needs of all customers. In March 2005 the last customers were moved from payment by order book to payment by cheque. The Department for Work and Pensions is monitoring closely how the cheque system is working. Whilst the new arrangements are still to fully settle down, the early evidence is that they are working well and there has been nothing to suggest that significant changes need to be made.

The Government has noted the Committee’s recommendation that cheques should be sent in batches of four. There are a number of difficulties with such an approach, ranging from cost, to an increased risk of fraud and theft, to potential customer confusion. However, the Department will continue to monitor the new cheque payment system closely and is committed to taking whatever action is necessary to ensure that it properly meets the needs of those vulnerable people who need to use it.

### ***Recommendations for Pension Credit policy changes***

**26. The Committee recommends that in its work on benefit simplification, the Department focuses on reducing the complexities in the interaction between Pension Credit and other benefits. We recommend in particular that the Department consider the case for harmonising the treatment of capital and assumed income from savings, setting out fully any arguments for differences, and considering whether these are outweighed by the advantages of having the same treatment across all benefits and care charges.**

The Government acknowledges that people on low and moderate incomes may be concerned that any saving may affect their entitlement to benefits and the Department for Work and Pensions is constantly monitoring and developing relevant policies and practices with the aim of simplifying benefit processes. Many changes to simplify and harmonise entitlement rules would imply additional expenditure and would of course need to be weighed against a range of other spending priorities.

As the Committee recognises, alignment of capital rules would achieve a measure of simplification but there are likely to be significant costs attached. Also, a number of the capital limits used as examples in the Select Committee's report relate to local authority charging, which, unlike social security, is a devolved matter.

With Pension Credit, the previous rules excluding people with £12,000 or more of savings from any help have been abolished. Savings of £6,000 or less are ignored and the deemed income of £1 for each £500 of savings above £6,000 is half the former Minimum Income Guarantee tariff. Overall, these changes, together with the introduction of the savings credit mean that any capital a Pension Credit applicant may have is treated five times more generously than under the Minimum Income Guarantee.

The current cut-off point of £16,000 savings for Housing Benefit and Council Tax Benefit has been retained for households who do not qualify for the Pension Credit guarantee to help ensure that Housing Benefit and Council Tax Benefit do not go to people who do not need it, for example, people with high rents who have other resources they can call on.

In his budget statement<sup>10</sup> the Chancellor announced an increase in the upper capital limit in Income Support and Jobseeker's Allowance (income based) from £8,000 to £16,000 from April 2006. This aligns the Income Support and Jobseeker's Allowance upper limit with the equivalent Housing Benefit and Council Tax Benefit limit for people of working age.

Although there are no immediate plans to change the capital limits in Housing Benefit and Council Tax Benefit, the Government will keep these under review, as it does with all aspects of the Housing Benefit and Council Tax Benefit schemes.

**27. The Committee is concerned that the Department has not achieved its intended aim of ensuring that pensioners in residential care gain from Pension Credit in the same way as other pensioners and recommends that the Department enters into discussions with the Department of Health to address this. The Committee remains concerned at the low level of the Personal Expenses Allowance and repeats the recommendation of**

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<sup>10</sup> HM Treasury, *Financial Statement and Budget Report, Mar 2005*

**the Social Security Committee that the Government should ‘conduct research to establish the amount necessary to enable pensioners in institutional care to live their lives with dignity.’**

The responsibility for funding individuals in residential care was transferred to Health Departments from 6 October 2003. All issues relating to care arrangements, financial assessments and the allocation of funding to local authorities, including the Personal Expense Allowance and the savings credit disregard, are the policy responsibility of the Health Departments. This is of course a devolved matter, and there are different rules on local authority care charging in England, Scotland and Wales.

The Department of Health in England is currently consulting on the Green Paper, Independence, Choice and Well-being<sup>11</sup>. As part of the follow-up to the Green Paper, they will explore how they can ensure dignity is maintained for all those receiving social care services including those living in residential care homes. The consultation period ends on 28th July 2005.

**28. The Committee repeats its previous recommendation that the Government reconsiders the treatment of earnings in Pension Credit, with particular account being taken of the number of Pension Credit claimants who might wish to engage in paid work, the possible impact of this on pensioner poverty and the extent to which the current rules are understood and provide the right incentives.**

The Government wants both to promote opportunities for older workers and to reward them for their earnings. It believes that the Working Tax Credit, the abolition of the 16 hours work rule in Pension Credit, and bringing forward the existing disregards in the income-related benefits are the best way to promote active ageing and reward earnings. Under Pension Credit the earnings of those aged 65 or over can count towards the savings credit.

A single pensioner is entitled to a £5 per week disregard on their earnings and couples a £10 disregard under Pension Credit. In some other cases, such as carers, lone parents, people in certain occupations or in receipt of certain benefits a £20 disregard applies. This broadly mirrors the current regime for younger workers, and avoids introducing additional complexity.

**29. We recommend that, by 1 April 2006, the Government brings the length of time for which Pension Credit can remain in payment during a temporary absence abroad into line with Housing Benefit and Council Tax Benefit, namely 13 weeks.**

Pension Credit is intended to help people whose resources are insufficient to meet their day-to-day living expenses in Great Britain. The Department has considered representations similar to the Committee’s recommendation in the past and believes that the current four-week rule represents, for the time being, an adequate period of time for which a person should keep their entitlement whilst temporarily abroad. The intention is to keep this under review.

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<sup>11</sup> *Independence, Well-being and choice: Our vision for the future of social care for adults in England* (Cm 6499, March 2005)

For people who have gone abroad for medical treatment under the National Health Service, Pension Credit will continue to be paid for as long as they are receiving that treatment.

### ***Women and Pensions***

**30. The committee recommends that the Government produces projections of the trends of women's pensions in the future, reflecting the varied position of women in different circumstances, for example, according to marital status, age and ethnic group.**

**31. The Committee recommends that the Government by April 2006 provides detailed analysis of the advantages and disadvantages for women in different situations (for example, by age, marital status and ethnic group) of the two key proposed ways forward – creating a more inclusive system of credits within the current contributory system versus introducing a universal or citizen's pension.**

The Government acknowledges the importance of women's pensions and has included the achievement of fair outcomes for women and carers as one of its six principles for pension reform. The Department for Work and Pensions has undertaken to produce a report on women and pensions, which will provide a detailed analysis of women's pension position and the key issues facing current and future cohorts of women pensioners. Women are not a homogeneous group and marital status, age and ethnic group for example are important factors that may influence their pension position. The women and pensions report will include analysis of these issues where data permits. Discussions with the not-for-profit campaigning sector and the pensions industry will underpin research for the report. The report will also assess existing proposals for reform from the industry and external stakeholders including issues such as credits within the contributory system.

The Pensions Commission plans to publish its Second Report, which will include policy recommendations, in the autumn; the Government's response will be guided by the principle of ensuring that the retirement income system gives women and carers, as well as others, opportunities to build up security in retirement.

**32. The Committee recommends that the Government should consult on the case for changing the way in which Savings Credit is calculated, so that qualifying income about the level of the Basic State Pension actually in payment is rewarded and particular attention should be given to whether this would send a clear message to younger women of the rewards for saving.**

People aged 65 or over are rewarded within Pension Credit if they have qualifying income, which includes State Pension, above the savings credit threshold. This threshold is set at £82.05 for a single person and £131.20 for a couple. This reward, the savings credit, is paid up to a maximum of £16.44 for a single person and £21.51 for couple. If a pensioner's qualifying income is less than the savings credit threshold, because, for example, they have less than the basic State Pension and no other income, they will not be entitled to the savings credit. Pension Credit would still, of course, guarantee them a minimum level of weekly income, currently £109.45 for a single person and £167.05 for a couple.

The savings credit threshold is set at the level of the full basic State Pension because the Government considers that anyone who has remained economically active, working or

seeking work, up to State Pension Age should be entitled to a full basic State Pension. The Government therefore considers this level to be fair proxy for the provision everyone should be expected to have before being entitled to the savings credit.

It is assumed for the purpose of this response that the Committee's recommendation is that the savings credit threshold should be set at the level of the individual's basic State Pension, not that people above the savings credit threshold but with less than the full basic State Pension should be entitled to more than the current maximum savings credit.

Such a measure would have costs and would also introduce additional complexity. Setting the savings credit threshold on an individual's rate of basic State Pension could also result in anomalies. For example, someone who had worked abroad and earned the equivalent of a basic State Pension from another country would get more savings credit than someone who had worked in the UK all their life even though they both had the same amount of income.

It is recognised that at present women are more unlikely to have the full basic State Pension, reflecting historical female work patterns. The position for today's younger women is different: the Government Actuary's Department estimates that most of them are likely to be entitled to a full basic State Pension when they reach age 65.

### ***The future***

#### **33. The Committee recommends that the Department, in conjunction with the Pension Commission, attempts to quantify the relative importance of the tax, tax credit and benefit system in influencing individuals' retirement saving decisions.**

The Government accepts this recommendation. In its response last year to the Work and Pensions Select Committee's Third Report on The Future of UK Pensions, the Government recognised that it is important to improve understanding of savings decisions and how savings incentives work.

These are complex questions and the Government is engaging with academic and other experts on how best to assess the influences on savings behaviour. Pension Credit has significantly reduced the number of people with 100 per cent marginal deduction rates, while both the tax system and the tax credit system incorporate incentives to save in a pension. The tax, tax credit and benefit systems are some of many factors likely to influence saving decisions, and through programmes such as Informed Choice we are looking to identify other important influences, and improve incentives and reduce barriers.

The Government has established the independent Pensions Commission to monitor and keep under review the voluntary system of private pensions and long term savings, and is sharing the results of emerging analyses with the Commission.

#### **34. The Committee recommends that in order to help individuals plan ahead, the Government should provide details of the likely direction of future reform and some indication of when this might be possible, for example at what time the current primary focus of eradicating abject pensioner poverty might be sufficiently met.**

The Government set out the principles that will guide future decisions on reform of the pension system in Principles for reform: *The national pensions debate*<sup>12</sup>, which was published on 24 February 2005. This document was a first step towards promoting debate and building the consensus that will be necessary to bring forward a long-term solution to the issue of providing adequate incomes in retirement. This consensus needs to span political parties and institutional stakeholders such as employers, unions and the financial sector as well as the wider public. Over the coming months DWP Ministers will be taking the debate out across the country, to ensure that as many people as possible have an opportunity to contribute.

Government reforms have significantly improved incomes in retirement for today's poorest pensioners with 1.9 million pensioners lifted out of absolute poverty since 1997 (on an after housing cost basis) and 700,000 out of relative poverty. The Government wants to ensure that there is no return to the pensioner poverty of the past and to maintain the significant progress so far so that the poorest pensioners continue to share in the nation's rising prosperity. Therefore tackling poverty will remain a key principle for any system.

The Pensions Commission is due to produce its final report around the end of November. The Government agrees with the view the Commission expressed in its earlier findings, that this is an area where it is important not to rush to immediate conclusions. The Government will seek to proceed on the basis of the widest possible consensus amongst political parties and the wider public, and by providing citizens with the information they need to contribute effectively to the debate. The Government looks forward to the Pensions Commission's final report in the autumn. The Government will welcome the Select Committee's participation in the debate.

## **Conclusion**

The Government would like to thank the Work and Pensions Select Committee for its third report on Pension Credit and the recommendations contained therein. This is a considered document on the implementation and delivery of Pension Credit and a useful contribution to the important debate on tackling pensioner poverty and the future of the UK pension system.

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<sup>12</sup> *Principles for reform: The national pensions debate* (Department for Work and Pensions, February 2005)

## Appendix B

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### Delivery of Services to Ethnic Minority Clients

The Government welcomes the Fourth Report of the Work and Pensions Select Committee Session 2004-05 on Delivery of Services to Ethnic Minority Clients. The Committee has identified a number of issues which it believes need to be addressed; the Department for Work and Pensions ('DWP' or 'the Department') is equally concerned to ensure that its services are accessible to and effective for everyone who uses them and that both the Department and its products reflect the diverse backgrounds and needs of the people it serves.

As an employer the Department is also committed to equality and valuing diversity in its workforce. Indeed, the commitment shown by the Department's staff to the development of good practice and policy across the organisation is to be commended. Through their dedication and innovation the Department has made good progress in many areas.

The Department's commitment to race equality was recognised recently when the latest nationwide league table for Race for Opportunity Benchmarking<sup>13</sup> was released. The Department came third and achieved Gold standard, which is significant progress over last year when the Department achieved Silver standard. The Pension Service also recently received two awards for diversity from the British Diversity Awards<sup>14</sup>. The Diversity Innovation Champion (Silver Standard) was presented to The Pension Service for the 'Race to Improve' Project<sup>15</sup>. The Pension Service's Ealing and Hounslow Customer Service Team won the Diversity Team Champion award (Gold Standard) for their outreach and community involvement.

The Department's Ethnic Minority Working Party<sup>16</sup> provides a channel for in-depth discussion between the Department and representatives of organisations who work with its ethnic minority customers. Its purpose is to obtain feedback from the organisations on how the Department can meet the requirements of the Race Relations (Amendment) Act 2000, and improve its services to ethnic minority customers.

Some notable examples of the Department's recent achievements include:

- Jobcentre Plus has exceeded its annual target for its job outcomes in specified wards with a high ethnic minority population. Jobcentre Plus was set a target of

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<sup>13</sup> Race for Opportunity is a benchmarking exercise that looks at racial equality in public and private sector organisations.

<sup>14</sup> The British Diversity Awards aim to give recognition to the best equality and diversity practitioners in the UK.

<sup>15</sup> The Race to improve project was established by The Pension Service and the DWP Director of Diversity to improve service for ethnic minority customers and to provide support for staff to do this. Working with Experience Corps it produced a variety of products and initiatives to bridge communication, language and cultural barriers.

<sup>16</sup> The following are existing member organisations but this is kept under constant review and other organisations are very welcome to join: Staffordshire County Council Social Services Department; Policy Research Institute on Ageing and Ethnicity Registered (PRIAE); Child Poverty Action Group; Commission for Racial Equality; Federation of Irish Societies; City and Hackney Primary Care Trust; London Borough of Hackney Council; National Information Forum; Age Concern Enterprises; Institute of Welfare; Migrant and Refugees Communities Forum; Local Government Association; Agudas Israel Community Services; Union of Muslim Organisations; Sainsbury Centre for Mental Health; First Asian Support Trust; Disability Rights Commission; Leicester City Council; Refugee Council.

achieving 257,200 job entry points<sup>17</sup> from 80,000 job entries in the 272 wards identified as having three times the national average ethnic minority population and one and a half times the national unemployment rate. Jobcentre Plus achieved 313,100 job entry points from 96,300 jobs. By the end of 2004/05 over 9,000 people had joined the Ethnic Minority Outreach Programme and over the same period the programme had achieved over 2,500 successful job outcomes. Of these 44 per cent were Asian people and 32 per cent were black. Over half of the job entrants were not previously accessing Jobcentre Plus services.

- The Department has a shared target with the Department of Trade and Industry (DTI) to increase the ethnic minority employment rate, and decrease the gap between that and the overall employment rate. Working with the cross-Whitehall Ethnic Minority Employment Task Force the latest performance estimates show a 1.7 percentage point increase in the ethnic minority employment rate, and a 1.5 percentage point decrease in the gap against the overall population, which is very significant progress.
- The Child Support Agency (CSA) has developed the Ethnic Liaison Officer role, with officers in six business units increasing their interaction with ethnic minority groups and helping to remove any barriers to using the Agency's services.
- Disability and Carers Service (DCS) has implemented an outreach programme for hard-to-reach customers at local, regional and national level to seek vital feedback to improve services. It has also developed a Diversity Network with other organisations, such as the Police and the Driver Vehicle Licensing Authority. The aim of the Network is to share best practice, provide help and support and generally promote diversity as widely as possible.
- The Department recognises that employment is a key factor in supporting refugee integration and helping people to feel economically and socially included. To help address this matter the Department launched a Refugee Employment Strategy in March 2005<sup>18</sup>.
- The Pension Service undertook a campaign tour to promote Pension Credit to elders from ethnic minority groups during September and October 2004. Various media, including radio, were used to reach this audience and promote the tour. This included presenters in ethnic minority languages on radio – which reached people with low literacy in their own mother tongue. Over 2,500 people visited the tour, of whom two-thirds were from ethnic minorities.

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<sup>17</sup> A job entry attracts a set number of points depending on the customer's status within an explicitly weighted hierarchy. This hierarchy awards more points for helping priority customers into work, ranging from twelve points for lone parents and inactive benefit recipients to a single point for employed customers. The points awarded are based on the customer's status at the time of referral to the job. Additional points are also scored if the customer lives in certain geographical areas, or is a Jobseeker's Allowance recipient who moves into sustained employment. The aggregate of these points give a one single points total which is measured against a single points target at local, district, regional and national tiers.

<sup>18</sup> DWP Working to Rebuild Lives: a refugee employment strategy, March 2005

- The Department has developed a comprehensive Diversity Toolkit to raise awareness of race and cultural issues and increase staff's abilities to work with ethnic minority customers.

### *Looking to the future*

The Department is committed to continuing the progress it has made in the last three years. Improving services for customers and staff is a continuous process and the Department has a stretching programme of work on race equality for the next three years and beyond.

The Department will build on its success so far by:

- delivering the aims and objectives in Realising Equality in the Department for Work and Pensions 2005- 2008 to be published shortly;
- introducing an advanced customer monitoring system, which will provide the Department with the information needed to ensure that all its customers have equal access to its services (see also the response to Recommendation (4) below) and;
- new stretching ethnicity targets for 2008 to deliver the commitment to build a diverse workforce (see also response to Recommendation (3) below).

### *The Race Equality Scheme and DWP*

**1. The Committee notes the Race Equality Scheme Progress Report and recommends that by 31 December 2005 the Department develops further targets to improve race equality beyond 2005.**

The Department agrees with this recommendation. Priorities and targets on race equality for all of the Department's agencies for 2005 to 2008 are set out in the document Realising Equality in the Department for Work and Pensions 2005 to 2008, to be published shortly.

**2. In line with the statutory requirement to review the relevant functions, policies contained in the Race Equality Scheme, the Committee recommends that the Department publishes on time, the statutory three year review of the Scheme to assess what progress has been made on race equality across DWP since May 2002.**

The Department agrees with the recommendation to fulfil its statutory duty to review its functions, policies and policy proposals, and is currently carrying out this work. The Department will shortly be publishing a report of its progress over the last year, and its priorities for the next three years. In the light of recent comments from the Commission for Racial Equality (CRE) and the Home Office on the Department's previous scheme, it would seem sensible to ensure a more robust and thorough review of its functions and policies by delaying publication of these until later in the year. In the meantime the Department will be liaising with the CRE and the Home Office to agree a methodical and consistent approach to this process. Having published a consultation document Equality, Opportunity and Independence for All in May 2002, and Realising Race Equality in the Department for Work and Pensions in July 2003 followed by the Department's progress report last year: Progress Report on Realising Race Equality in the Department for Work

and Pensions in July 2004, staff, customers and partners were asked for their views on what to publish this year. They told the Department that they wanted an executive summary of its review that did not go into the details of every part of its business preferring a more user friendly document giving an overview. The Department will therefore be publishing a summary of progress and priorities for the next three years.

To reinforce the Department's commitment to equality for all, and to take into account forthcoming and proposed legislation, the Department has also included progress and priorities on the other aspects of diversity, although the focus of the document remains race.

The document will be available on the Department's internal intranet website for staff, on the Department's internet website, in audio format in English and in other languages used by ethnic minorities. It will also be available in large print, and in other formats and languages on request.

### ***Ethnic monitoring of DWP staff and clients***

**3. The Committee recommends that by 31 December 2005 the Department sets long-term and challenging targets for the improved representation of ethnic minority staff, particularly at senior levels, beyond 2005. The Department must improve its own knowledge of its workforce by more effective ethnic monitoring. We believe PCS could do more to assist with this process.**

To meet the Department's goal of building a diverse workforce that is both representative of society as a whole and which is closely aligned to the economically active rates, the Department has set diversity targets for women, ethnic minority staff and disabled staff for grades where there is under-representation. The table below shows the Department's progress towards the ethnicity targets up until March 2005. This table shows that the Department has exceeded some of the targets.

**Ethnicity Targets Progress Charts 2001 – 2005**

<b>Grade</b>	<b>2005 Target</b>	<b>30/09/01</b>	<b>30/06/02</b>	<b>31/03/03</b>	<b>30/09/03</b>	<b>31/03/04</b>	<b>31/03/05</b>
SCS	4%	2.2%	2.2%	1.8%	2.2%	3%	3.3%
G6/G7	3%	1.2%	1.3%	1.9%	2.0%	2.4%	2.8%
SEO	3%	2.1%	2.1%	2.1%	2.0%	2.9%	3.1%
HEO	4%	2.5%	2.8%	2.9%	3.2%	4%	4.4%
EO	6%	5.3%	5%	5.1%	5.2%	6.9%	7.9%

The Department has already set new diversity targets for 2008 for grades where there is evidence of under-representation. Targets have not therefore been set for grades below Higher Executive Officer (HEO) as the Departmental employment rates already match those of the economically active labour force rates.

### Ethnicity Targets for 2008

Grade	2008 Target
SCS	5%
G6/G7	4%
SEO	4%
HEO	5.5%

The Department has used a new system of data calculation in developing the targets. This method is recommended by the Cabinet Office and, unlike the former system used by the Department, it excludes staff where data is unknown. Under this new method the representation rates for ethnicity are shown against the total number of staff in the Department who have declared their ethnicity status and not against the total number of all staff in the Department. This allows the Department to obtain a more accurate picture of how it is performing against other Government Departments.

The new targets for 2005 to 2008 are stretching. The Department will ensure that where recruitment does take place, action is taken to recruit from a wide and diverse pool of applicants. See also the response to Recommendation (4) below. The Department is developing guidance to support managers in this specific area. The Department is also currently reviewing its 'Realising Potential' scheme and the way the development needs of ethnic minority staff are tackled. Details are given in response to Recommendation (4) below.

The Department will ensure that it has accurate monitoring data to identify where under-representation is occurring. Last year it undertook a targeted ethnicity survey in partnership with the Trade Unions, including PCS, and the Department now has data on ethnicity for over eighty-eight per cent of its staff. A key part of the Department's modernisation agenda is the planned introduction of a resource management system in 2006 that will enable the collection and recording of workforce diversity data. This system will support the Department in monitoring and evaluating progress towards a more diverse workforce at a national, regional and local level, and then targeting any necessary action needed.

The Department also plans to monitor and analyse the diversity targets regularly to ensure that they take account of changes to its workforce planning assumptions and profiles, shifts in the economically active rates and changes in ethnic minority representation rates.

**4. The Committee recommends that the Department undertakes by 1 May 2006 a full review of staff procedures to assess their impact on race equality, taking account of factors such as access to training and reasons given for resignation and that it develops an action plan to address any adverse effects of its procedures upon ethnic minority staff. We also recommend that the Department provides substantial further support for existing ethnic minority staff in career progression and takes immediate action to recruit ethnic minority staff at senior levels.**

The Department is reviewing all of its main human resource policies this year. This will include an assessment of the policies' impact on race equality. Any areas of concern, which require action, will be identified in the Department's Equality Scheme.

The Department has recently completed a research project 'Review of developmental needs of ethnic minority staff' looking at various issues affecting the development and progression of ethnic minority staff. The terms of reference included to:

- establish what the barriers to progression are; both real, evidence-based and perceived barriers;
- establish what positive action development schemes the Department needs to support the achievement of its business objectives and its diversity and equality strategy, specifically the need for ethnic minority representation in the higher management grades;
- establish the extent of under-representation at specific grades (management) – by business or area;
- evaluate the current content of the Realising Potential<sup>19</sup> programme (a scheme to help the development needs of ethnic minority staff) including use of bursary payments, and the guidance provided to participants and line manager support; and
- evaluate the effectiveness of how the current programme is managed and the communication strategy and practice within this.

This project was undertaken by an external company and involved extensive research with staff, managers and comparison with other organisations. Members of the National Staff Race Network were trained as facilitators. The Department will now analyse and consider this report and consult with staff. The Department will also ensure that this is included in current and continuing work within its Learning and Development strategy. In the meantime those currently on 'Realising Potential' will continue to benefit from the programme.

When it is necessary to use external recruitment to fill a vacancy in the Senior Civil Service the Department follows certain procurement rules to select recruitment consultants to assist with the exercise. This involves issuing an invitation to tender to several approved companies who then submit proposals on how they will handle the recruitment. The proposals are evaluated by a Departmental selection panel using specific selection criteria. Diversity considerations have always informed their decision but from now on, in line with this recommendation, the Department will ensure that one of the specific selection criteria

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<sup>19</sup> Realising Potential is the Department's development scheme for ethnic minority staff. The legal authority to address the under representation of ethnic minority staff in middle and higher management grades within the Department for Work and Pensions is taken from the Race Relations Act. The aim of the scheme is to provide participants with a range of personal development opportunities and equip them with the competence and confidence to compete on merit for promotion or posts along a specific career path. The aim of positive action is to ensure that people from previously excluded ethnic minority groups can compete on equal terms with other applicants. It is intended to make up for the accumulated effects of past discrimination. Selection itself is based on merit.

is the company's specific strategies to attract ethnic minority candidates and their track record of success in this area.

See also the response to Recommendation (11) below.

**5. The Committee is concerned that proposed job cuts and relocations will have a disproportionate impact on black and minority ethnic employees, which could contribute to a worsening of relative unemployment levels. The Committee recommends that by 1 May 2006 the Department publishes the race impact assessment of the job cuts and relocations out of London and the South East; the criteria used for selecting staff who are likely to lose their posts; and also the ethnic breakdown of the staff who will be leaving the Department as a result of the job cuts. We also recommend that the Department gives serious consideration to how it will meet the staff ethnicity targets when deciding which staff will be selected for redundancy.**

All areas of the Department are aware of the need to assess the restructuring of their businesses for effects on ethnic minority staff, and the Department's Workforce Management Team will ensure this process is robustly applied.

The Department will publish the race impact of assessments for the public sector relocation proposals that were submitted to the Lyons Review to meet the Committee's deadline.

The criteria for selecting staff likely to lose their posts as part of the wider Department's efficiency agenda are available on the Department's internal intranet website contained in Part 7 in the Workforce Management Guidance. This has been scrutinised and approved by the Department's Diversity Team. It is, therefore, available to the Department's staff and the Trade Unions and can be made available to the Committee. The agreed selection criteria were chosen for the following reasons:

- they are commonly accepted ways of selecting people in a redundancy situation and are in line with best practice (e.g as per ACAS and CIPD guidance);
- the information to score each of the areas is factual and is obtainable from existing systems (i.e. appraisal and attendance records);
- they best fit the legitimate needs of the business (i.e enable the Department to retain the right skills).

The use of the selection criteria will undergo an evaluation and ongoing review in order to identify any adverse impact. Any issues highlighted by the evaluation will be promptly considered and, if necessary, amendments to either the selection criteria or the policy will be made.

The Department, however, does not expect that the overall reduction in staff numbers will have an adverse or disproportionate effect on representation rates and progress for ethnic minority staff. Whilst the Department accepts that recruitment and promotion activities within the Department will be relatively fewer, it will ensure that, where recruitment does take place, action is taken to attract a diverse pool of applicants. The Department will also focus its efforts on considering how it can bring ethnic minority staff up through the grades. The results of the current reviews of the development needs of ethnic minority

staff and of 'Realising Potential' will help with this. Details of these reviews are given in response to Recommendation (4) above.

The Department is monitoring those who leave through the early release schemes across all equality areas including race. Information on each early release exercise will show the characteristics of every individual who has left the Department.

In addition the Department's psychology division will carry out a detailed evaluation of early release exercises. This will include monitoring the selection criteria scores awarded to people across different equality groups.

See also the responses to Recommendations (11) and (21) below.

### ***Service standards received by ethnic minority clients***

**6. The Committee recommends that the Department takes urgent action to implement ethnic monitoring across the Department and its Agencies at both entry point and exit point and for all benefits and services. We also recommend that the Department works closely with the DWP Ethnic Minority Working Party, the Commission for Racial Equality and other representative bodies to ensure that full and proper use is made of the information gathered through ethnic monitoring.**

Jobcentre Plus records the ethnicity of all its customers – on a voluntary basis – at the work focused interview stage. This information can then be used to monitor relative performance of ethnic groups across the range of benefits and services it delivers. Work focused interviews take place for all Jobseeker's Allowance claims, and are being rolled out to claimants of other benefits. Jobcentre Plus will have sufficient data to monitor all benefits and services by 2006.

The Pension Service is planning to introduce ethnicity monitoring in late 2006.

The Department has already started to provide an integrated IT solution that will provide a more consistent approach to customer monitoring by means of the Customer Information System. The Customer Information System (CIS) was established in order to provide a single view of customer data (including ethnicity) for all parts of the Department and eventually for Other Government Departments and Local Authorities. The Department is now developing a clear, consistent and effective policy on customer monitoring which will be, communicated and implemented across all parts of the Department.

The Ethnic Minority Working Party, which includes the Commission for Racial Equality, has highlighted its interest in this issue as part of its work programme for the coming year. The Working Party is keen to work with the Department to develop its proposals for taking forward ethnic monitoring. In addition, the Department has other consultative channels, notably the Policy and Strategy Forum, with which the Department would expect to engage when developing proposals.

See also the response to Recommendation (14) below.

**7. The Committee recommends that the habitual residence test and the Social Fund discretionary decisions are subject to ethnic monitoring to establish whether there is a**

**differential impact upon ethnic minorities, and whether those tests are applied differently.**

Jobcentre Plus currently holds ethnicity information only for customers with a record on the “Labour Market System” (LMS). Habitual Residence Test<sup>20</sup> and Social Fund discretionary decisions can therefore only be monitored for ethnicity in respect of customers with an LMS record. Jobcentre Plus is examining whether there are alternative routes to collecting this information for all decisions for all clients. Alternative data collection methods, however, will be bureaucratic and costly and will need to be considered in the light of other business pressures. Jobcentre Plus will consider this recommendation and be in a position to report on progress by April 2006. The Pension Service is planning to introduce ethnicity monitoring in late 2006. This will enable The Pension Service to monitor various aspects of State Pension and Pension Credit, including the Habitual Residence Test.

**8. The Committee recommends that the Department reviews the identification requirements needed to pursue a benefit claim and ensures that staff are fully trained in the identification requirements including the process of referral to the Validity of Marriage Unit.**

There is already an established procedure for validating a customer's marriage. This includes a definition of acceptable documents and referrals to the General Registry Office and, in the case of marriages abroad, the Validity of Marriage Unit (VMU). Guidance, which is available to all staff, is contained in the Verification of Life Events Guide. A bulletin reminding staff of the procedure was issued in July 2004. The Pension Service is raising awareness of the need to refer cases to VMU through an article in Horizon (an internal staff magazine).

The total number of cases referred to the Validity of Marriage Unit during 2004 to 2005 was 7,933. This was made up of 1,463 from Jobcentre Plus offices and 6,470 from The Pension Service the majority from within the International Pension Centre. This number of referrals needs to be seen in the light of the large number of cases the Department handles over the year.

The Pension Transformation Programme is introducing new training packages to support the rollout of a new State Pension claim procedure from autumn 2005, and validation requirements will be highlighted in the training material. In addition, the Pension Transformation Project will also review and develop the supporting training packages for the Pension Credit new claim process. This will support changes planned for 2006, to improve the Pension Credit claims procedure. The Pension Service will ensure that this claims procedure is also improved through revised training packages and on-line support and guidance for staff.

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<sup>20</sup> The Habitual Residence Test is part of the qualifying conditions for Income Support; Jobseeker's Allowance (Income-based); Pension Credit; Housing Benefit and Council Tax Benefit. It is a test, which, if failed results in a refusal of benefit. The purpose of the test is to ensure that income-related benefits are paid to people who have a right to reside in the United Kingdom (UK), have reasonably close ties to the UK and an intention to settle here. Its underlying principle is that UK taxpayers should not have to subsidise people with very tenuous links to the UK. The test is applied to UK citizens in the same way as citizens of other countries.

Jobcentre Plus uses various types of evidence to verify identity. These are covered in the new Financial Assessor e-learning packages covering Incapacity Benefit; Income Support and Jobseeker's Allowance. If a Financial Assessor has doubts over the identity of a customer, they would refer the case to the Financial Assessor Manager. As can be seen from the numbers quoted above such cases are rare and it is, therefore, more appropriate to provide guidance rather than wholesale training programmes

**9. The Committee recommends that the Department examines the option of suspending rather than cancelling payment of benefits while clients are abroad for a time-limited period. We also reiterate our recommendation that, by 1 April 2006, payment of Pension Credit during a temporary absence abroad is brought into line with Housing Benefit and Council Tax Benefit and is paid for up to 13 weeks.**

The Department has considered the Committee's recommendation but considers that the rules should remain as they currently stand. The rules on absences abroad, time-limited or otherwise, differ according to the benefit in question. Entitlement to some benefits can continue, for instance, during a temporary absence abroad. In such cases it would be appropriate to suspend payment of benefit if the Department only knew that the individual had left Great Britain but had no other information as to the reason for the absence or how long it might last. If the absence abroad means a cessation in entitlement then suspending payments cannot be an option because there is no benefit to be paid. In the situation where there is no entitlement whilst absent from Great Britain but where the individual's return will trigger a reinstatement of benefit, there has to be a new claim to benefit.

The Department nevertheless recognises the Committee's concerns, and has previously developed a 'rapid reclaim' form for use in Income Support and Jobseeker's Allowance cases where a short break in entitlement requires little more from the claimant than confirmation that the circumstances which existed during the previous spell of entitlement still apply. It seems, however, that the process has not always been used where it could be, and in light of the Committee's recommendation the Department will remind staff to use the 'rapid reclaim' process and monitor progress.

Pension Credit is intended to help people whose resources are insufficient to meet their day-to-day living expenses in Great Britain, this is substantially different from Housing Benefit and Council Tax Benefit which is paid to assist customers in maintaining a home. Having considered all the issues involved, on balance, the Government believes that the current four-week rule for Pension Credit is, for the time being, an adequate period of time for which a person can keep their entitlement whilst temporarily abroad. It is intended to keep this under review. For people who have gone abroad for medical treatment under the National Health Service, Pension Credit will continue to be paid for as long as they are receiving that treatment. Former recipients of Pension Credit who return from abroad will need to make a fresh application. This is a straightforward process. The application can be completed over the telephone, using translation services if required, and sent to the applicant to check, sign and return. Where necessary, The Pension Service's Local Service will assist.

**10. The Committee recommends that:**

- a) the Department undertakes a full assessment of race equality and cultural awareness training, in consultation with external experts, such as the Commission for Racial Equality;**
- b) the Department ensures that staff receive up-to-date equality training, with annual ‘refresher’ courses for all staff;**
- c) training via printed and electronic media is only used to supplement attendance at a training event;**
- d) all training is tested and evaluated to ensure that it meets the needs of staff and clients.**

On Recommendation (10) a), diversity and equality training is built into all aspects of the Department’s approach to learning and development. This includes specific modules in its induction programme and management courses. A course is also available for managers on ‘Managing Diverse Teams’ which raises awareness of the business benefits of valuing and managing diversity. In addition the Department has developed a Diversity Toolkit which includes comprehensive race equality and cultural awareness training modules. It is being used by other government departments and by external organisations, such as the Metropolitan Police and The Institute of Welfare. Members of the Ethnic Minority Working Party (which includes the Commission for Racial Equality) have seen presentations of the Toolkit, and several of them have expressed a wish to use it within their own organisations. During the coming year, the Department will be consulting with the Department’s businesses and stakeholders, including the staff, to carry out a full evaluation of the Diversity Toolkit. Through this evaluation the Department wishes to find out about the use and usefulness of the Toolkit; to identify good practices or areas which need improvement and to take these forward. Those external partners who are using the Toolkit will also be asked to take part in the evaluation.

In response to Recommendation (10) b), training on dealing with vulnerable customers is the responsibility of line managers who have to ensure that their staff are aware of the needs of not just ethnic minority customers, but also those who may need extra help because of mental illness; disabilities; substance abuse; or domestic violence issues. Staff are provided with tools like the Diversity Toolkit, written guidance and advice how to work with local support organisations. Each business has an implementation plan detailing how the Diversity Toolkit is being bedded into their learning and development strategy. The Department believes this approach will be more effective than annual refresher courses. Once the review of the Diversity Toolkit is complete, the Department will decide the best strategy to ensure that diversity issues are successfully kept in the forefront of its business. All parts of the Department used the “race strand” in their training on ‘positive duty’ in support of the Race Relations (Amendment) Act. It has also been used extensively in disability and equality training throughout the Department.

As regards the approaches and timescales taken by the Department’s agencies, the Child Support Agency, for instance, has set a requirement that all staff complete a full day’s

training on disability and race by March 2006, whilst The Pension Service has set a two and half year timescale for all staff to have complete all the strands of the Toolkit.

In response to Recommendation (10) c), the Department is adopting a modern approach to learning to meet the needs of every individual to access the learning they need at a time they need it. Research in comparable organisations in the private and public sectors indicates that the blended learning approach addresses these needs and enables individuals to access learning through a range of channels and methods aligned to the new business models. In that way the blend provides a mix of opportunities for learning, including trainer-led events in classrooms; workshops amongst peer groups to share and learn from best practice; printed media, and associated e-learning materials available via the Department's intranet. Specific benefits include: more flexible access to learning; meeting specific needs through tailored learning; more efficient training of new entrants; and more efficient administration. In developing its approach to blended learning, the Department utilised external expertise to ensure it developed its capacity for designing the most appropriate blend for delivery of learning to the target audience. Limited numbers of blended learning products have been introduced, at this stage, and early evaluation has shown that, with appropriate support, this approach is being successful in meeting learners' needs. The Department intends to undertake a more comprehensive evaluation into the blended learning approach later this year (2005). The results of this evaluation should be available by mid-2006.

On Recommendation (10) d), all training is evaluated on an ongoing basis, this includes evaluation of the intervention itself (for example, training course; diversity toolkit module and e-learning) and crucially its effect on the individual; team and organisation; this is done through the normal line manager and staff performance management. Discussion of individual learning and development needs are an integral part of the Department's approach to performance management. Line managers and staff will discuss these regularly, and formally review them twice a year, as part of the appraisal and continuous feedback process that is the performance and development system. These discussions also focus on the effectiveness of any learning and development already undertaken.

In addition the Department undertakes specific evaluation of particular products, for instance an evaluation of the Diversity Toolkit mentioned above.

**11. The Committee recommends that the Impact Assessment Tool is urgently applied across the Department to all areas of service delivery as well as to existing and new policies and that the results of the impact assessment are published and acted upon promptly to reduce inequalities for clients and staff and to meet the race relations legislation.**

Impact assessments are now being carried out across the Department, from operational restructuring to human resource policies, and in-house expertise and experience in looking at the effects of policy on particular groups is available to support business change and innovation. A major exercise continues to be the impact assessment of workforce planning and restructuring in the light of the Government's efficiency challenge. As part of this each part of the Department's impact assessments will begin to be published on internal intranet and external internet sites from May 2005. For example the London Race Impact

Assessment has been published and is available on the Jobcentre Plus internet website (website:www.jobcentreplus.gov.uk/documents/BenefitProcessingImpactAssessment.doc).

Staff are aware of the need to impact assess policies, and to use the impact assessment framework. The Department has also developed Equality Impact Assessment Workshops and guidance, which are available to all staff through the Department's internal website. These workshops contain coaching modules which can be run as a complete training course, or can be used separately as and when required. The workshops include case studies which can be adapted for different areas of the business and to suit learners' needs, and also give them the opportunity to practice conducting a race equality impact assessment in a safe and supportive environment at both the screening and full assessment stage. It will also reinforce the Department's commitment to valuing and promoting diversity by introducing best practice for all equality groups not yet covered by legislation. The Department will ensure that the impact assessment guidance and training that has been developed is reviewed to ensure it continues to meet the needs of the organisation.

Jobcentre Plus has developed its own Race Impact Assessment Tool based on the Departmental Framework. It has also adjusted its internal change process to include race assessments as a mandatory requirement, thus ensuring that all changes are subjected to a race impact assessment.

Within The Pension Service, staff have been given equality impact assessment training and they will be using the impact assessment tool to screen business and organisational changes and carry out full impact assessments if necessary.

Although the Department is confident that it has the right arrangements in place for impact assessments, it needs to review its governance processes to ensure that they are consistently applied and the right recording and publishing mechanisms are followed. This will be in place in 2005/2006 and reviewed in 2007.

### ***Benefit take-up***

#### **12. The Committee recommends that a breakdown of take-up of means-tested benefits by pensioner households should be provided by ethnic group.**

Reliable information on the ethnicity of those eligible to, but not taking up their entitlements does not exist. This is partly because of the small numbers involved, for example, there are 8.3 million people aged over sixty-five in England and Wales but only 230,000 are from ethnic minorities (source: 2001 Census) which means that surveys pick up very few people with the relevant characteristics. Nonetheless, the Department will continue to explore the use of data from the Family Resources Survey and other departmental information to provide insights into take-up of income-related benefits by ethnic minority groups. The Department's statisticians will keep under review whether results prove sufficiently robust to make them available as part of the National Statistics 'Income Related Benefits Estimates of Take-Up' series. More generally The Pension Service is continuing to develop plans around the ways in which ethnicity data can best be captured and used. Plans remain in place to introduce ethnicity monitoring from late 2006.

**13. The Committee further recommends that research on the estimates of eligibility for Attendance Allowance and Disability Living Allowance should look specifically at eligibility among ethnic minorities.**

There is currently no methodology which would enable the accurate identification of people who might be entitled to disability benefits if they were to make a claim. Previous estimates of take-up are broad and imprecise. An accurate estimate cannot be made because entitlement to the benefits is not based on diagnosis, but on the care and mobility needs arising from disability, which varies widely between individuals. However, the Disability and Carers Service (DCS) Customer Service Survey 2004 did gather ethnicity data for the first time. The data indicated the DCS ethnic customer base mirrored that reported in the 2001 National Census.

The Government's policy is to ensure, where possible, that anyone who may be entitled to a disability benefit – including Attendance Allowance and Disability Living Allowance - receives that benefit. Both benefits are available to anybody who meets the residence and presence conditions and the qualifying conditions. The eligibility criteria for these benefits is the same for everyone, irrespective of ethnic origin, and depend on each individual's personal care and mobility needs.

The Department is taking steps to improve the take-up of the benefits in a targeted and well directed way. For example:

- Following consultation with a wide range of customer representatives, new processes for claiming Attendance Allowance and Disability Living Allowance have been developed resulting in claim forms that are clearer, personalised and more suited to customer needs.
- Forms for obtaining medical evidence from general practitioners have been redesigned so that they ask for only objective clinical information. This will improve the quality and consistency of decisions on entitlement.
- The introduction of new information technology throughout the organisation should speed up the decision-making process and enable a better and more professional service.
- The Disability and Carers Service is also working closely with partners such as local authorities and welfare rights organisations, including local organisations representing ethnic minority groups. These organisations are able to advise people about disability benefits in a more targeted way than would be possible through any mass disability awareness campaigns.
- The Disability and Carers Service is working at a local and regional level with many of the organisations that are members of the Disability Alliance. It is a key business priority of the Disability and Carers Service to work with disability and carer's organisations to make sure the right information gets to disabled people. Progress includes working with community based organisations such as The Scarman Trust where the focus is harder-to-reach groups. A pilot scheme will run in Liverpool where the Agency will enable volunteers within the Trust to both understand the eligibility criteria of Disability Living Allowance and Attendance Allowance and to

identify customers who are most likely to be entitled to the benefits. The trial is expected to last about twelve months and will be fully evaluated.

**14. The Committee recommends that the Pension Service collects data from late 2006 on the ethnicity of its customers.**

See also response to Recommendation (6) above.

The Pension Service is continuing to develop plans around the ways in which ethnicity data can best be captured and used. The Pension Service is planning to introduce ethnicity monitoring in late 2006.

**15. As part of its duties under race relations legislation, the Pension Service should evaluate awareness among ethnic minority pensioners about how to access the Pension Service at local level, determine whether the arrangements in place are sufficient to meet their needs and by 1 October 2006 report on the results.**

The Pension Service has worked hard to identify the barriers that exist in some communities to claiming entitlements. The Pension Service has developed audio tapes, videos, DVDs, posters and other printed material in a number of languages which describe The Pension Service and what it does, entitlement, and what that means for people. Also how the direct payment of pensions and benefits works, and the types of changes that have to be reported.

For its staff, The Pension Service has developed a series of informative reference material such as an outreach information filofax for local service staff giving cultural awareness guidance, overcoming language barriers and good practice tips to help their work within ethnic communities. The Pension Service, when making home visits, is focusing on the more vulnerable customers and it is making special efforts to contact ethnic minority customers. The Pension Service Local Service has identified and developed an extensive database of staff with skills in ethnic minority languages. These staff use their language skills to provide support to ethnic minority customers both in their homes and at community visits. For example, local service staff conducted individual benefit interviews in Punjabi at Health Awareness sessions held at a Sikh Gurdwara in Leicester.

The Pension Service is developing specific initiatives: for example, using ethnic minority press and radio, and advertising targeted at carers, to ensure that the difficulties that some groups face are addressed, and to help them to take up their entitlement. The Pension Service provides services which meet customers' linguistic, cultural and religious needs whenever possible. For example the 200 attendees at the Chinese Women's Guild AGM on 6 March 2005 found the dual language, Chinese and English, presentation and the audio and video tapes in Chinese invaluable.

The Pension Service Partnership Fund of £13 million will provide up to two years' funding to partners to undertake mainly local initiatives which will improve the take-up of older people's benefits, particularly by hard-to-reach groups, such as ethnic minority elders. This Fund is being administered under the Link-Age Programme<sup>21</sup>. There have been

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<sup>21</sup> This programme aims to integrate joint working between partners so that older people are provided with a more joined-up front-line service

around 170 Partnership Fund contracts awarded to organisations throughout England, Wales and Scotland. Some of these contracts have been awarded to ethnic minority community groups. Targeting hard to reach older people including ethnic minority elders was one of the primary objectives of the Fund and many successful contractors will be doing work in this area.

The Pension Service continues to meet and work with members of the Partnership Against Poverty Ethnic Minority Elders Group to identify issues and make improvements to its service. For example, working to clarify documentary evidence needed to make a claim.

The Pension Service Local Service has conducted a review of all its outreach facilities to evaluate the effectiveness in terms of the customer service needs for the local community. A full evaluation of the results will be available by the end of August 2005. A full evaluation of 'Race to Improve'<sup>22</sup> products is currently underway and a full report will also be available by the end of August 2005.

**16. The Committee considers local partnership schemes to be essential to the success of the Pension Service and we recommend that areas with higher-than-average ethnic minority populations get additional resources and support for partnership development.**

When The Pension Service Local Service undertook its "re-clustering" exercise in June 2004 to align with local authorities and to ensure a better distribution of work, ethnicity was one of the business considerations taken into account when deciding cluster boundaries. Additional staffing support was targeted on those areas with higher than average ethnic minority populations.

The Pension Service Local Service staffing allocations takes into account a range of factors including the local geography of the area; the local deprivation index; the size of the pensioner population and a weighting factor that reflects the local ethnic diversity of each area.

As already mentioned in response to Recommendation (15) above, the Department has produced audio, video and DVD tapes in nine languages (providing information about The Pension Service; entitlements; changes and Direct Payment), dual language presentations and posters and flyers which support The Pension Service Local Service staff when they visit ethnic minority communities. This service enables ethnic minority customers to use these information products within their own supportive environment. The Pension Service Local Service has identified and developed an extensive database of staff with skills in ethnic minority languages.

The Partnerships Against Poverty Group, 'Partnerships Against Poverty Ethnic Minority Elders'<sup>23</sup> specifically addresses the particular needs of the black and ethnic minorities. It is

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<sup>22</sup> The Race to improve project was established by The Pension Service and the DWP Director of Diversity to improve service for ethnic minority customers and to provide support for staff to do this. Working with Experience Corps it produced a variety of products and initiatives to bridge communication, language and cultural barriers.

<sup>23</sup> Consisting of London Irish Elders, Federation of Irish Societies, Confederation of Indian Organisations, Chinese Community Centre, Jewish Care, Local Impact, London Somali Organisation, Policy Research Institute on Ageing and Ethnicity (PRIAE).

reviewing progress within The Pension Service in addressing the barriers to claiming benefits. The Department commissioned BMRB Social, part of BMRB International, website: [www.bmrbsocial.co.uk](http://www.bmrbsocial.co.uk) to carry out a qualitative research project to better understand the barriers to the take-up of benefits among black and ethnic minority older people. As the Committee states strategies are most effective when developed in partnership between the Department; the local authority and with the voluntary and community sector. Partnership working is key to the development of joint teams and findings from this research will be used to ensure that the needs of ethnic minority groups are incorporated into plans and processes.

### ***The Language barrier and information dissemination***

**17. The Committee recommends that a larger range of translated material should be made more widely available and that translated material should be updated frequently and put on public display.**

The Department is committed to meeting its customers' diverse information requirements, and has made improvements in the way it communicates with people from ethnic minorities. In January 2005, the Department introduced a revised 'Standard' for the translation of material into ethnic minority languages in order to provide information about rights; responsibilities and opportunities. This change reflects recent substantial demographic, language use and literacy research into the UK's ethnic minority population.

The new 'Standard' will be implemented across all of the Department's material by the end of the March 2006. Any new products, introduced since January 2005, have been subject to the new 'Standard'. Adherence to this common standard across the Department will ensure a consistent approach and improve information to ethnic minority customers.

Under the new 'Standard' the Department will now provide information to customers in the following languages:

- Urdu, Punjabi, Gujarati, Bengali, Sylheti, Somali\*, Classical Chinese, Cantonese\*, Arabic (available across the whole of the UK.)
- French\*, Polish, Tamil (available in the London Government Office Region where the communities who speak these languages are concentrated).

Note: the languages marked with an \* are spoken languages and would be produced in a spoken format because of low mother tongue literacy levels.

Where information material is needed in languages for communities, other than those mentioned above, it will be produced at the discretion of the local service or local marketing managers.

The 'Standard' outlines that the Department will translate and provide basic signposting and service overview information in each of the languages listed above either in a written or spoken format. The Department will also translate campaign materials into similar languages, when appropriate, to reflect the needs of the target audience.

Therefore, the number of languages in which the Department's information is available has increased from eight to twelve; three spoken languages delivered via audio and visual formats and nine written languages delivered via bilingual information.

The Department ensures that all ethnic minority versions are updated at the same time as the English versions. Each leaflet is subject to review and updated, if required, at least once a year, though most are subject to a six monthly review.

Another key element is to make current material available via the Department's internal intranet website and the Department's internet website services so they support:

- staff in providing translated material to ethnic customers, and
- third party advisers in providing translated material to their, and the Department's ethnic minority customers.

The new 'Standard' has already informed: The Pension Service's 'Race to Improve' materials and so enhancing the ability of staff to support ethnic minority customers; substantial reviews of the customer information provided by Jobcentre Plus and The Pension Service and the Pension Credit campaign.

Alongside this work the Department has also developed guidance on best practice and information resources which can be used by its communications staff. This should improve the Department's planning and delivery to ethnic minority customers. The guidance covers socio-demographics; culture; faith; language use and literacy; community sensitivities; barriers to engagement and how these can be overcome; the use of appropriate media and community channels.

Jobcentre Plus Business Managers have discretion to decide what material is put on display in local offices. In practice this is often limited by the size of the office and available display space. In the light of the Committee's recommendation above, Jobcentre Plus intends to make available to Jobcentre Plus offices a poster to welcome customers in a range of languages and make clear that translation services are available. This will take effect from autumn 2005. The Pension Service Local Service staff display translated material at information points in local communities.

**18. The Committee recommends that the Department soon carries out an urgent and fundamental re-consideration of:**

- a) its plan to address the language needs of clients;**
- b) the services it offers to assist clients needing language support; and**
- c) its plan to improve awareness amongst senior management.**

On Recommendation (18) i), see the response to Recommendation (17) above.

In response to Recommendation (18) ii), the Department's policy is that wherever it is necessary to interview a customer who does not speak English, or, in Wales, English or Welsh, and the customer does not wish to use their own interpreter, an interpreter will be arranged and paid for by the Department. To reinforce guidance for staff on

implementing the policy, the Department has just completed the production of new guidance for field staff. Staff can access this guidance using the Department's internal intranet website. This change has been made in consultation with the Ethnic Minority Working Party. In addition, Jobcentre Plus has recently reviewed its arrangements for interpreting provision. As a result it will: review its guidance; raise awareness and publicise internally what options are available for interpreters and translation; review how Jobcentre Plus Direct interacts with non-English speakers; and monitor the usage of, and expenditure on, interpretation and translation services. It will be in a position to report on progress by April 2006. British Sign Language (BSL) is also a recognised language and DWP has provided guidance to its staff to ensure that where it is reasonable to do so, this language is used in videos and in face to face communications with BSL users.

In response to Recommendation (18) iii), the Department's senior management has access to the same diversity and equality training that is available to all staff, and which is built into all aspects of the Department's approach to learning and development.

**19. The Committee recommends that the Department develops a language marker on the appropriate IT systems to identify clients needing ongoing language support. We also recommend that clients are given the option of requesting that they receive correspondence in the language of their choice.**

The Department currently has a statutory requirement to support Welsh and its existing IT benefit systems have a Welsh Language marker which enables it to correspond in Welsh with those customers who live in Wales.

If it became a statutory requirement to provide for other languages it may prove too costly and time consuming to implement this change within these ageing and complex IT systems. However, the Department's IS/IT Strategy is to replace these systems over the next five to ten years with package based solutions such as Customer Relationship Management which will support the identification of this language need. Indeed the Department has already built a preferred language marker into the recently delivered Customer Information System to cater for any future business requirement to provide this service.

The Department currently has processes in place to translate correspondence into customers' language of choice when this is requested. The Department does acknowledge the issues raised by the Committee around all correspondence being pro-actively issued to customers in their own choice of language without them having to repeat the request. Furthermore the Department recognises that the use of language markers on Customer Relationship Management IT systems does support the identification of this need. The Department will take forward work to establish the feasibility of meeting this recommendation.

**20. The Committee recommends that the Department further reforms the current staff language allowance and differentiates between staff who frequently use their linguistic skills and those who are 'casual' users; and that staff who spend more than 25% of their time using a second language should receive a substantial annual allowance, and that those who use their language skills less frequently should be entitled to an annual allowance of at least £520.**

The Department has recently undertaken a wide-ranging review of pay-related allowances. In this, the Department recognises the need to provide an appropriate level of support to customers whose first language is not English or Welsh and Language Allowance is an important feature of the service for this group of customers. As a result of the Department's review there is a proposal to increase Language Allowance to £700 a year and this is currently under discussion with the Trade Unions. An allowance set at this level would be worth something in the region of 5% on top of the salary for the majority of Administrative Officers, who are the most likely recipients of Language Allowance, and the Department believes this is an appropriate level of reward. Staff in the executive Band C/EO are also eligible to be considered for the allowance. The Department does, however, remain concerned about the low rate of usage and intends to review take-up and qualification criteria, including the amount of time spent using a language that is not English or Welsh, by the end of 2005 to see if further improvements can be made.

**21. The Committee is concerned that the staffing cuts and relocations outside London will have a detrimental effect upon the service ethnic minority clients can expect to receive from DWP and that this will be particularly problematic for those with language needs. We recommend that the Department conducts an audit by 31 December 2005 of the languages spoken by staff in London together with an impact assessment of the staff efficiencies; and that by 1 October 2006 a strategy is developed to ensure that clients in London who require language support are not disproportionately and adversely affected by the staffing efficiency measures.**

See also the response to Recommendation (5) above. It is important to understand that for London a lot of the centralisation of benefit processing was done in the early 1990's when work was moved to Belfast, Makerfield and Glasgow.

Race impact assessments are conducted as the Department develops and implements new policies and processes. The initial plans for centralisation of benefit work for London have been impact assessed and the assessment has been published on Jobcentre Plus's internet site. The assessment indicates that there is neither adverse nor differential impact for staff or customers from an ethnic background. The Department will continue to monitor as its proposals are implemented. The race impact assessment also records how the policy will be monitored.

The London impact assessment confirms that plans for London include retaining the facility for people to call in person into the Department's offices, where they will continue to have access to Language Line and leaflets in a number of languages.

The Pension Service is primarily a national telephony based organisation, and therefore the impact on customer service for ethnic minorities will be minimal. The geographic location of a Pension Centre does not affect the level of service supplied to customers. The Department has awarded contracts for interpreters to provide face-to-face interpreting and the use of Language Line has been promoted by the 'Race to Improve' project. Furthermore, as mentioned in response to Recommendation (16) above, ethnicity mix was one of the major criteria used when setting up new clusters in the re-organisation of The Pension Service Local Service. Areas of high ethnicity mix were allocated extra resources. Where possible, members of staff from particular ethnic backgrounds were allocated to areas where there were significant customers of a similar background.

The Department considers that as the recent impact assessments have shown no adverse impact on services to ethnic minority customers there is no need for an audit of languages spoken by staff in London.

**22. The Committee recommends that by 1 May 2006 the Department develops a coherent ethnic minority outreach strategy and works in close partnership with local and community groups in order to meet the information needs of ethnic minorities. The Committee also recommends that a thorough review is undertaken of capacity within advice services serving communities with high minority populations, and other indicators of social need.**

The Department welcomes the Committee's recognition of the importance of outreach, and believes that such strategies need to be specifically developed to suit each business. Jobcentre Plus has been providing an ethnic minority outreach programme for four years and, as the evaluation ("Ethnic Minority Outreach: an evaluation", published on 25 February 2005) shows the links with partner organisations, including local community and voluntary sector organisations, are beginning to deliver results in terms of improved relations with Jobcentre Plus and job entries.

To build on this success, the Department is considering how an outreach service, which continues to meet the needs of people from ethnic minorities, might be developed for the future. The Department is committed to contacting ethnic minority clients. As a result advertising campaigns are being carried on ethnic radio stations and in the ethnic press. For example, Pension Credit ran take-up campaigns on TV channels and radio stations aimed at ethnic minority audiences.

The success of The Pension Service Local Service ethnic minority strategy lies in its very strong links and partnerships at a local level.

The Department routinely consults with members of its Ethnic Minority Working Party, which includes representation from a cross-section of ethnic communities, when working on the information needs of ethnic minority communities. Reviewing capacity within advice services serving communities with high minority populations would be outside the Department's remit, but the Department will look at ways of engaging more effectively with such groups. For example, the 'Race to Improve' project in The Pension Service has produced best practice examples showing how to engage with ethnic minority communities. This information has been shared across the whole of the Department.

The Government is committed to closer partnership working with the voluntary and community sector as a central part of its effort to reform and improve public service delivery. The Department has been investigating the role of the voluntary and community sector in the priority area of ethnic minority employment and has published a report (at website: [www.emetaskforce.gov.uk/pdf/vcs.pdf](http://www.emetaskforce.gov.uk/pdf/vcs.pdf)) setting out the Department's strategy for maximising the potential of this sector in delivering services to improve ethnic minority employment outcomes from this year to 2008.

### *Ethnic minority employment*

**23. The Committee recommends that significant additional resources are allocated to promote increased participation in the labour market in the 272 most disadvantaged wards in the UK.**

Improving performance in certain areas is a key part of the Jobcentre Plus strategy to combat inequalities in the labour market. In 2004/05, Jobcentre Plus exceeded its job entry target in the 272 wards with high ethnic minority populations and high unemployment, by twenty per cent. This year, Jobcentre Plus resources are allocated to Districts according to a unit cost per job entry. Job entries from those wards with high ethnic minority populations and/or wards with high labour market disadvantage are funded at a ten per cent premium compared to job entries elsewhere. The Department will continue to monitor performance in these areas to maximise the return from the allocated resources.

### *Refugees and DWP service delivery*

**24. The Committee recommends a targeted spend-to-save increase in resources to assist qualified refugees to find suitable work. The Committee also recommends increased support for specialist voluntary sector and not-for-profit organisations providing tailored training courses for refugees to assist them to be able to compete in local labour markets.**

Working to Rebuild Lives: A Refugee Employment Strategy (website: [http://www.dwp.gov.uk/publications/dwp/2005/emp\\_guide.pdf](http://www.dwp.gov.uk/publications/dwp/2005/emp_guide.pdf)) was launched earlier this year by the former Work and Pensions Minister, Jane Kennedy MP. The document specifically addresses the points raised by the Committee.

HM Treasury's "Invest to Save" budget already funds a small pilot with a London provider looking at how best to offer employment help to refugee professionals.

The Department's intention is to continue the mainstream jobsearch support currently available. Meanwhile, it will make refugees, with professional qualifications, aware of specialist assistance that might help them to resume their career, rather than develop a separate pathway for them within Jobcentre Plus' support activity.

Jobcentre Plus provides guidance, information and details about refugee professionals on the Refugee Operational Policy Team intranet website page, which all staff can access. This website, which is part of the Jobcentre Plus Refugee Operational Framework, includes links to external websites, such as the 'Refugees and overseas qualified health professionals into employment in health and social care' or [www.rose.nhs.uk](http://www.rose.nhs.uk). As the Jobcentre Plus National Tier<sup>24</sup> continues its work with organisations such as the British Medical Association, the Teacher Training Agency and the Employability Forum more comprehensive information about possible routes into employment for qualified refugees or other professions will be added to the web page. The Employability Forum supports the

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<sup>24</sup> The National Tier's role is to implement Government policy and legislation and support Jobcentre Plus in the execution of its business and the development of new initiatives. It is responsible for the strategic and policy direction of the Agency and offers advice and guidance to Jobcentre Plus staff.

Government on Refugee integration, particularly on employment issues. It brings together representatives from all the key sectors.

Regarding support for specialist voluntary sector and not-for-profit organisations, the Department will continue to work with key partners not just at a strategic level, but where appropriate, at local level too. The Department recognises Jobcentre Plus is part of the picture but not all of it, and that effective partnership working by all stakeholders is crucial to establishing and achieving individual and joint objectives.

The Refugee Operational Framework through the Working Together to Help Rebuild Lives document, launched in refugee week 20th – 26th June, aims to provide advice and information about developing appropriate Jobcentre Plus services to meet the needs of refugees and their communities in order to explore partnership working with refugee and community organisations.