



House of Commons  
Work and Pensions Committee

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**Work of the  
Committee in 2005–06**

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**Second Report of Session 2006–07**

*Report, together with formal minutes*

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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

Terry Rooney MP (*Labour, Bradford North*) (Chairman)  
Anne Begg MP (*Labour, Aberdeen South*)  
Harry Cohen MP (*Labour, Leyton and Wanstead*)  
Natascha Engel MP (*Labour, North East Derbyshire*)  
Michael Jabez Foster MP (*Labour, Hastings and Rye*)  
Justine Greening MP (*Conservative, Putney*)  
Joan Humble MP (*Labour, Blackpool North and Fleetwood*)  
Greg Mulholland MP (*Liberal Democrat, Leeds North West*)  
John Penrose MP (*Conservative, Weston-Super-Mare*)  
Mark Pritchard MP (*Conservative, The Wrekin*)  
Jenny Willott MP (*Liberal Democrat, Cardiff Central*)

### 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), Rhiannon Hollis (Second Clerk), Laura Humble (Committee Media Advisor), Louise Whitley (Committee Assistant), Emily Gregory (Committee Secretary) and John Kittle (Senior Office Clerk).

### Contacts

All correspondence should be addressed to the Clerk of the Work and Pensions Committee, House of Commons, 7 Millbank, London SW1P 3JA. The telephone number for general enquiries is 020 7219 5833; the Committee's email address is [workpencom@parliament.uk](mailto:workpencom@parliament.uk)

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# 1 The Committee's work in 2005-06

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## Introduction

1. The Work and Pensions Committee examines the expenditure, administration and policy of the Department for Work and Pensions (DWP) and its associated public bodies. With an annual expenditure in excess of £120 billion, the DWP is the highest spending government department and employs about 113,500 people. The Department operates principally through five executive agencies: Jobcentre Plus, The Pension Service, the Child Support Agency (CSA), the Disability and Carers Service and the Rent Service.<sup>1</sup> The Committee also monitors the work of several independent statutory bodies associated with the DWP, including the Health and Safety Commission, the Health and Safety Executive (HSC/E), the Pension Protection Fund and the Pensions Regulator.

## Structure and support

2. The Committee meets once or twice each week when the House is sitting. In 2005-06 we met formally on 48 occasions and took oral evidence at 26 of those meetings. The Sub-Committee on the Draft Corporate Manslaughter Bill (a Joint Sub-Committee with the Home Affairs Committee) met on nine occasions and took oral evidence at six of those meetings.

3. We are grateful to the many witnesses who respond to our requests for written evidence, including academics, businesses, community groups and individuals. These submissions, along with oral evidence, form the foundation on which our reports are based. Although we have agreed not to take up individual cases, we assess carefully all correspondence received so that we can identify any emerging themes which may require study and take note of comments made and issues highlighted.

4. As usual, the Committee has received much valued expert help from its Specialist Advisers, who assist in analysing the subjects of complexity within our remit. We would like to thank Carl Emmerson, Professor Ruth Hancock and Professor Anthony Neuberger for their help with the Pension Reform inquiry, Kate Stanley for her work on the Incapacity Benefits and Pathways to Work inquiry, Professors Celia Wells and Chris Clarkson for their advice to the Sub-Committee on the Draft Corporate Manslaughter Bill and Professors Dan Finn and Jane Millar for their continuing support with the Government's Employment Strategy inquiry.

5. Further advice and briefing papers were received from the House of Commons Library and the Committee Office Scrutiny Unit. The DWP has also been very helpful in providing additional background information when required. A good working relationship has continued this year with the National Audit Office (NAO) which has provided general support and advice as well as more detailed information for the inquiry

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<sup>1</sup> The Appeals Service was transferred over to the Department for Constitutional Affairs in April 2006.

into a Report by the Government under Section 82 of the Welfare Reform and Pensions Act 1999. The NAO has also responded this year to a recommendation by the previous Work and Pensions Committee by examining the background of the Child Support Agency's IT system contract with EDS.<sup>2</sup>

## Inquiries

6. So far this Parliament the Committee has carried out two large-scale inquiries, on Incapacity Benefits and Pathways to Work and on Pension Reform. We are also nearing the end of a major inquiry into the Government's Employment Strategy for which we have received just under forty memoranda, accessible to the public through the internet, and held seven oral evidence sessions. A substantial piece of work was carried out by the Sub-Committee created to scrutinise, in conjunction with a Home Affairs Sub-Committee, the Draft Corporate Manslaughter Bill. The Committee has carried out smaller-scale inquiries on the Efficiency Savings Programme in Jobcentre Plus and a Report by the Secretary of State for Work and Pensions under Section 82 of the Welfare Reform and Pensions Act 1999.

7. Throughout the session the Committee has continued to monitor the work of the Department's Executive Agencies and has had evidence sessions with the Disability and Carers Service, Jobcentre Plus and the Child Support Agency. The Committee has also scrutinised the work of the Department and its Agencies through taking oral evidence on the DWP Departmental Reports of 2005 and 2006 and the Autumn Performance Report 2005.

**Table 1: Subjects covered by Work and Pensions Committee, 2005-06**

Subject	Evidence sessions in Session 2005-06 and Session 2006-07 to date	Sub-committee?	Outcome
Departmental Annual Report 2006	1	No	Evidence published, August 2006
Financial Assistance Scheme	1	No	Evidence published, August 2006
Incapacity Benefits and Pathways to Work	4	No	Report, May 2006

<sup>2</sup> *Child Support Agency – Implementation of the Child Support Reforms*, Report by the Comptroller and Auditor General HC (2005-06) 1174

Jobcentre Plus	1	No	Evidence published, February 2006
Pension Reform	7	No	Report, July 2006
Power to incur expenditure under Section 82 of the Welfare Reform and Pensions Act 1999: new Employment and Support Allowance IT System	1	No	Report, November 2006
The Child Support Agency	1	No	Evidence published, May 2006
The Department for Work and Pensions Annual Report 2005	1	No	Evidence published, June 2006
The Department's Autumn Performance Report 2005	1	No	Evidence published, February 2006
The Disability and Carers Service	1	No	Evidence published, February 2006
The Draft Corporate Manslaughter Bill	6	Yes	Report, December 2005
The Efficiency Savings Programme in Jobcentre Plus	2	No	Report, March 2006
The Government's Employment Strategy	7	No	Report to be published
The Health and Safety Executive and Commission	1	No	Evidence published, July 2006
The Pensions Commission	1	No	Evidence published, December 2005
The Pensions Regulator and the Pension	1	No	Evidence published,

Protection Fund			March 2006
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## Visits

8. A key part of the Committee's work is its study visits both at home and abroad to put into context issues raised by particular inquiries. During 2005-06 we undertook four visits within the United Kingdom and three overseas. The Committee has also been represented at two Organisation for Economic Co-operation and Development (OECD) Seminars, one on "Ageing" and one on "Growth and Jobs" and a Lisbon Strategy meeting at the European Parliament in Brussels.<sup>3</sup>

9. The Committee spent a very informative two days at the Social Policy Research Unit at the University of York with various academics from different Universities throughout the country and representatives from the Joseph Rowntree Foundation (JRF). The discussions covered the key areas of our remit. We would like to thank the University for hosting the event, the JRF, and the academics that came to speak to us.

10. It is important for the Committee that we travel away from Westminster to see DWP policies in action, to meet frontline staff in DWP agencies and their customers and to hear about both the difficulties and the successes the Department experiences. During 2005-06 the Committee visited Jobcentre Plus offices in Hastings, Derby and Glasgow and a Child Support Agency office in Hastings. Jobcentre Plus in Glasgow facilitated a Committee visit to Rosemount Lifelong Learning Childcare and Education Centre and the Ethnic Minority Enterprise Centre which provided useful insights for our inquiry into the Government's Employment Strategy. This also provided opportunities for the Committee to meet with representatives from rural areas and from local employment initiatives.

11. Whilst in Derby for the Committee's inquiry into Incapacity Benefits and Pathways to Work the Committee met DWP staff including Incapacity Benefit Personal Advisers and Disability Employment Advisers as well as Delivery Partners, employers and employer representative organisations and Pathways customers. The Committee also visited a Remploy factory to meet staff and managers. We would like to take the opportunity to thank the DWP staff who have helped to organise the visits and who have welcomed us and the members of the public and organisations who have made themselves available to meet us.

12. The Committee took formal evidence away from Westminster on two occasions: in Derby for the inquiry on Incapacity Benefits and Pathways to Work and in Glasgow for the Government's Employment Strategy inquiry. On both occasions these evidence sessions were held in the local council chambers. We are very grateful to the councils for providing committee rooms for our use and to their staff for helping with the meetings.

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<sup>3</sup> A Joint Parliamentary meeting on the Lisbon Strategy, see [www.europarl.europa.eu](http://www.europarl.europa.eu)

13. The Committee's overseas visits have provided useful comparisons and insights into the policies of other countries. The Committee visited the Netherlands for the inquiry into Incapacity Benefits and Pathways to Work and learnt about the introduction of a new system of benefits there for disabled people to increase financial incentives to work. The Netherlands has already successfully reduced the in-flow of disability benefit claimants and has one of the highest out-flows of claimants of the OECD countries. This has coincided with the introduction of policies requiring employers to provide sickness benefits through a privatised system that includes vocational rehabilitation.

14. In Sweden the Committee learnt about the Swedish experience of pension reform. Of particular interest was the work of the Premium Pensions Authority – which has parallels to the system of 'personal accounts' which the UK Government proposes introducing - and the strategy for informing people about their pensions choices, including the 'orange envelope'. Also relevant were steps taken to deal with the rising cost of pensions – the introduction of an 'automatic balancing mechanism' rather than an increase in the State Pension Age – and how Sweden had managed the shift from a system largely dominated by 'defined benefit' (e.g. final salary) schemes to one dominated by 'defined contribution' schemes, in which individuals experience a greater degree of uncertainty and risk regarding their retirement income.

15. In its most recent visit, the Committee looked at New Zealand welfare to work programmes. New Zealand has shifted the emphasis, so that at the point of first contact with 'Work And Income' (New Zealand's Jobcentre Plus), the focus is on finding work rather than claiming benefits. The system also offers its 'Case Managers' more flexibility than is allowed to Jobcentre Plus Personal Advisers and devolves a greater degree of responsibility to local level, allowing programmes to be customised to the requirements of the local labour market and the needs of the local population. The Committee also looked at the plans for the implementation of the KiwiSaver, which has important similarities to (but also differences from) the proposed 'personal accounts' scheme.

**Table 2: Visits by the Work and Pensions Committee in 2005-06**

Location	Purpose of visit
York	General Seminar
Hastings	Jobcentre Plus and Child Support Agency
Derby	Inquiry into Incapacity Benefits and Pathways to Work
Glasgow	Inquiry into the Government's Employment Strategy
The Hague and Amsterdam, Netherlands	Inquiry into Incapacity Benefits and Pathways to Work

Stockholm, Sweden	Inquiry into Pension Reform
Wellington and Auckland, New Zealand	Inquiry into the Government's Employment Strategy

16. As well as going on outward visits the Committee has hosted inward visits by foreign Parliamentarians. We have met delegations from the Social Policy and Health Committee of the Czech Parliament, the Committee of Social Affairs at Quebec's National Assembly and Quebec's Labour Market Partners Board, the Budget Committee of the German Bundestag and the Romanian minister responsible for issues related to Romanian citizens working abroad, in the Ministry of Work, Welfare and Family.

## 2 Core Tasks

Table 3: Liaison Committee criteria relevant to 2005-06 inquiries

	Government and Commission policy proposals	Examination of deficiencies	Departmental actions	Associated public bodies	Major appointments	Implementation of legislation	Draft legislation	Expenditure	Evidence from Minister	Public Service Agreements
Departmental Annual Report 2006			✓			✓		✓	✓	✓
Financial Assistance Scheme		✓		✓		✓			✓	
Incapacity Benefits and Pathways to Work	✓						✓		✓	✓
Jobcentre Plus		✓		✓						✓
Pension Reform	✓	✓					✓	✓	✓	✓
Power to incur expenditure under Section 82 of the Welfare Reform and Pensions Act 1999: new								✓		

Employment and Support Allowance IT System										
The Child Support Agency		✓	✓	✓	✓	✓			✓	✓
The Department for Work and Pensions Annual Report 2005			✓			✓		✓	✓	✓
The Department's Autumn Performance Report 2005			✓			✓		✓		✓
The Disability and Carers Service		✓		✓						✓
The Draft Corporate Manslaughter Bill	✓						✓		✓	
The Efficiency Savings Programme in Jobcentre Plus		✓		✓				✓	✓	✓
The Government's Employment	✓	✓							✓	✓

Strategy										
The Health and Safety Executive and Commission		✓		✓						✓
The Pensions Commission				✓						
The Pensions Regulator and the Pension Protection Fund		✓		✓		✓				

### **Identification of inquiries**

#### **Government policy proposals**

16. Having earlier in the Parliament questioned Pensions Commission members on the proposals in their Second Report, the Committee conducted an inquiry into Pension Reform. This looked in particular at the reforms proposed in the Pensions White Paper, *Security in retirement: towards a new pensions system*, which took forward many of the Pensions Commission’s proposals. The Committee’s Report<sup>4</sup> set out detailed responses to the Government’s proposals for reforming the state pension system, the raising of the state pension age and the new system of personal accounts.

17. The Committee concluded that “on the whole the Government’s measures were the right way forward. They do not represent the wholesale simplification some were seeking, but they have other advantages and appear to be feasible.”<sup>5</sup> The Committee asked for more information on how the new personal accounts scheme would “interact with means-testing since people need to be confident that they will benefit from saving.”<sup>6</sup> It asked for pre-legislative scrutiny of the legislation relating to personal accounts to assess how these matters had been addressed. In response, the Government argued that “on this occasion, pre-legislative scrutiny would mean that personal accounts could not be implemented in 2012.”<sup>7</sup> The Committee has therefore announced an inquiry into the recently published personal accounts White Paper.

<sup>4</sup> Work and Pensions Committee, Fourth Report of Session 2005-06, Pension Reform, HC 1068

<sup>5</sup> Work and Pensions Committee, Fourth Report of Session 2005-06, Pension Reform, HC 1068, p 5

<sup>6</sup> Work and Pensions Committee, Fourth Report of Session 2005-06, Pension Reform, HC 1068, para 289

<sup>7</sup> Government Response to Fourth Report of the Work and Pensions Committee, Session 2005-06, Cm 6956, para 19

18. On the question of state pension reforms, the Committee welcomed reforms to the Basic State Pension such as the reintroduction of the link with earnings, although it was concerned that delay in reintroducing the link beyond 2010-11 would defer the benefits of the reforms. It also expressed concern that gaps in State Second Pension entitlement would continue, particularly for the self-employed, and recommended that the Government “set a date for re-examining the feasibility of moving to a single flat-rate pension.”<sup>8</sup>

19. The inquiry into Incapacity Benefits and Pathways to Work was carried out around the time of publication of the Welfare Reform Green Paper, *A new deal for welfare: Empowering people to work*. The Committee’s Report scrutinised the new Employment and Support Allowance, which is set to replace Incapacity Benefit in 2008. The Committee made recommendations about the level at which the benefit should be set and looked closely at the Pathways pilots to see if the Government would be right to roll them out nationally in 2008.<sup>9</sup>

20. The Committee has recently announced an inquiry into the Child Support Reform White Paper.

### *Areas seen by the Committee as requiring examination because of deficiencies*

21. The Committee took evidence from Stephen Geraghty, the Chief Executive of the Child Support Agency (CSA) and the Secretary of State in February 2006 on the continuing problems of the CSA. Questioning focused on the number of cases in the “backlog”, transferring cases from Jobcentre Plus to the CSA, why so many cases were still being handled manually, ongoing problems with the IT system and the problems of enforcement, debt and arrears and staff morale.<sup>10</sup>

22. One area the Committee has been particularly concerned about has been Jobcentre Plus’s Efficiency Savings programme. This concern followed a particularly bad summer in 2005 for the Jobcentre Plus Contact centres where poor staffing planning and IT problems contributed to deteriorating service levels – the customer service measure dropped to 26.8% in one Contact Centre group against a target of 81%.<sup>11</sup> This led to an inquiry early in 2005-06 which included an evidence session with the Chief Executive of Jobcentre Plus, Lesley Strathie, and the Minister for Employment and Welfare Reform, the Rt Hon Margaret Hodge MP.

23. The Committee’s Report concluded that too much had been asked of Jobcentre Plus with an efficiency programme overlapping with substantial organisational change. Change planning was poor, with management across the country struggling to keep up with and solve problems caused by the myriad of IT staffing, process, telephony and financial programmes which were all underway at the same time. The Committee recommended

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<sup>8</sup> Work and Pensions Committee, Fourth Report of Session 2005-06, Pension Reform, HC 1068, p 6

<sup>9</sup> Work and Pensions Committee, Third Report of Session 2005-06, Incapacity Benefits and Pathways to Work, HC 616, chapter 6

<sup>10</sup> Oral Evidence taken before the Work and Pensions Committee on 15 February 2006, HC (2005-06) 920

<sup>11</sup> Work and Pensions Committee, Second Report of Session 2005-06, The Efficiency Savings Programme in Jobcentre Plus HC 834-I, p 3

that headcount reductions in Jobcentre Plus should be slowed until all Contact Centres were running the full Customer Management System process and that the redeployment strategy should be reassessed to ensure the problems of the summer of 2005 were not repeated.<sup>12</sup>

### *Departmental actions*

24. The Committee was denied access to papers by DWP on two occasions during the period covered by this report. Firstly, the Committee asked in its report on the Efficiency Savings Programme in Jobcentre Plus for copies of the quarterly updates submitted by DWP to the Office of Government Commerce on its progress against the efficiency challenge. They have yet to be produced for the Committee. Secondly, as part of our inquiry into a proposal by the DWP for power to incur expenditure under Section 82 of the Welfare Reform and Pensions Act 1999 in connection with a new IT system for the proposed Employment and Support Allowance, we asked the Department for a copy of the 'Gateway review' for the system due in October 2006. The DWP replied that "OGC policy is that they have refused to disclose information contained within Gateway reports to anyone but the Senior Responsible Officer."<sup>13</sup>

25. The Chief Executive of the Disability and Carers Service (DCS), Terry Moran, was the first person to appear before the Committee in this Parliament. The Committee were interested in meeting him to find out how the Service was managing as a new Executive Agency of the Department and whether service levels were improving. Terry Moran stated in the DCS 2005-06 Business Plan that "internally we see ourselves as a successful service because we meet our targets, but externally most of the informed public believe we do not deliver a service they are happy with."<sup>14</sup> The Committee questioned him further on this, the standard of service that the DCS provides and its targets. The Committee also examined the problems facing customers over the complicated nature of DCS claim forms and the difficulties following the overpayment of benefits in Scotland.<sup>15</sup>

26. The Chairman of the Health and Safety Commission and the Deputy Chief Executive of the Health and Safety Executive gave evidence to the Draft Corporate Manslaughter Sub-Committee. The Committee also held a specific evidence session with the Health and Safety Commission and Executive to discuss areas of their remit including the Health and Safety Executive and Commission's involvement in the investigations into the Buncefield Oil Depot explosion.<sup>16</sup>

27. The Committee met David Norgrove, Chair of the Pensions Regulator and Lawrence Churchill, Chair of the Pension Protection Fund, to scrutinise the workings of these two bodies since they were created in 2005 and 2004 respectively.

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<sup>12</sup> Work and Pensions Committee, Second Report of Session 2005-06, The Efficiency Savings Programme in Jobcentre Plus, HC 834-I, para 56

<sup>13</sup> Work and Pensions Committee, Fifth Report of Session 2005-06, Power to incur expenditure under Section 82 of the Welfare Reform and Pensions Act 1999: new Employment and Support Allowance IT System, HC 1648, Ev 30

<sup>14</sup> Disability and Carers Business Plan 2005-06, p 3

<sup>15</sup> Oral Evidence taken before the Work and Pensions Committee on 19 October 2005, HC (2005-06) 572

<sup>16</sup> Oral Evidence taken before the Work and Pensions Committee on 24 May 2006, HC (2005-06) 1143

28. The Committee took evidence from James Purnell MP, Minister for Pensions Reform, on the Financial Assistance Scheme. He was questioned on subjects ranging from the Department's rejection of the Ombudsman's report of maladministration with regard to information provided on pensions to the small numbers of payouts that the Financial Assistance Scheme has made.

29. The work of Jobcentre Plus was scrutinised not just as part of the Efficiency Savings inquiry but also in an oral evidence session with the Chief Executive. Other aspects of the Efficiency Savings programme were looked at such as the closures of urban and rural offices, resulting in greater travelling times for customers, and a lack of effective engagement in 2005 between Jobcentre Plus and the private and voluntary sector providers, which supply many employment and training programmes.

### *Major appointments*

30. The Committee does not hold formal appointment 'confirmation' hearings. However we are informed by the Department about appointments and make a point of meeting Chief Executives reasonably soon after appointment. The Committee took evidence from Stephen Geraghty, the new Chief Executive of the Child Support Agency, in February 2006.

### *Implementation of legislation and major policy initiatives*

31. The Financial Assistance Scheme (FAS) was established by the Pensions Act 2004 and the Financial Assistance Scheme Regulations (2005). In questioning the Minister for Pensions Reform, James Purnell MP, the Committee looked at how the legislation was working in practice through the work of the FAS.

32. The Committee regularly reviews the implementation of government legislation and policy initiatives through the Departmental Annual Report sessions with the Secretary of State and the Autumn Performance Report session with the Permanent Secretary. In the three such meetings covered by this report the Department has been questioned on subjects such as Pension Credit, Pathways to Work, Housing Benefit and Benefit Simplification.

### *Draft legislation*

33. The Committee's First Report of Session 2005-06 scrutinised the draft Corporate Manslaughter Bill. The inquiry was conducted jointly with the Home Affairs Committee. The Committees' Report welcomed the fact that the Government had finally introduced long-promised legislation to make it easier to prosecute companies for manslaughter, but made recommendations to improve the drafting of the Bill and widen its application. These included that the basis for liability for the offence - the senior manager test - should be redrafted; that the offence should apply to unincorporated bodies; that deaths in police and prison custody should not be exempted; that more innovative sanctions should be added; and that it should be possible to prosecute individuals for secondary liability if they had contributed to the offence.<sup>17</sup> The Report was tagged to a debate on the floor of the

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<sup>17</sup> Work and Pensions Committee, First Report of Session 2005-06, Draft Corporate Manslaughter Bill, HC 540

House on the Bill, which has now had its Third Reading in the Commons and had its Second Reading in the House of Lords on 19 December 2006.

### **Expenditure**

34. In this period the Committee has questioned the Secretary of State on both the 2005 and 2006 Departmental Annual Reports. We also questioned the DWP Permanent Secretary, Leigh Lewis, on the Autumn Performance Report 2005. Areas of expenditure covered in these evidence sessions included the qualifying of accounts by the National Audit Office, Spending Reviews and more specifically the unallocated resources in 2005 of £763 million and £36 million, a £730 million underspend in 2005, the financing of training programmes of £1 billion a year, staff costs and unclaimed benefits.<sup>18</sup>

35. During the Incapacity Benefit and Pathways to Work inquiry the Committee looked at the cost of Pathways to Work Pilots and the resources needed for the reform programme. The Report questioned whether the £360 million allocated would be adequate and asked that the Department work closely with the Treasury to ensure that sufficient funds for incapacity benefits reform, Pathways to Work national roll-out and the full reform package are made available.

36. The Committee was asked by the Minister of State for Employment and Welfare Reform to scrutinise the Government's proposals to use the procedure set out in Section 82 of the Welfare Reform and Pensions Act 1999 to seek approval for preparatory expenditure on the new IT system for the proposed Employment and Support Allowance (ESA). The Committee produced a report, having taken evidence from officials in the Department, and made a series of recommendations to the DWP for inclusion in its final report to the House. The Committee was pleased that the Department had accepted the Committee's observations and recommendations.<sup>19</sup> The DWP has also undertaken to make a number of amendments to Departmental guidance on Section 82 Reports.

37. In the Committee's Report on Pension Reform the Committee looked into how much the Government's reforms set out in the White Paper would cost and recommended that the DWP publish a breakdown of spending projections into forecast spending on the Basic State Pension, the State Second Pension and means-tested elements. The DWP provided information in response to the Committee's request that it publish separate estimates of the impact of its proposed reforms on (a) spending on working age benefits such as incapacity benefits arising from the increase in the State Pension Age; (b) Income Tax and National Insurance receipts from the increase in both taxable benefits and the State Pension Age and (c) National Insurance receipts from the abolition of contracting out for Defined Contribution schemes.

38. During the course of the year the Committee examines the Supplementary Estimates with the assistance of the Committee Office Scrutiny Unit. Although there are not oral

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<sup>18</sup> Oral Evidence taken before the Work and Pensions Committee on 6 February 2006 HC (2005-06) 895 , Oral Evidence taken before the Work and Pensions Committee on 23 November 2005 HC (2005-06) 615 and Oral Evidence taken before the Work and Pensions Committee on 3 July 2006 HC (2005-06) 1389

<sup>19</sup> Work and Pensions Committee, First Report of Session 2006-07, Power to incur expenditure under Section 82 of the Welfare Reform and Pensions Act 1999: new ESA IT system – further report, HC 86, para 4

evidence sessions specifically on these issues there is an exchange of correspondence with the Department and issues raised feed into the evidence sessions on the Departmental Annual Report and the Autumn Performance Report.

### ***Evidence from Ministers***

39. The Rt Hon John Hutton MP, Secretary of State for Work and Pensions, has appeared before the Committee on five occasions since the beginning of this Parliament. He has given evidence on Incapacity Benefits and Pathways to Work, Pension Reform, the Departmental Annual Reports for 2005 and 2006 and the Child Support Agency.

40. James Purnell MP, Minister of State for Pension Reform, gave evidence on the Financial Assistance Scheme.

41. The Rt Hon Margaret Hodge MP MBE, then Minister for Employment and Welfare Reform, appeared before the Committee for the inquiry on the Efficiency Savings Programme in Jobcentre Plus.

42. Fiona Mactaggart, Parliamentary Under-Secretary at the Home Office, gave evidence to the Draft Corporate Manslaughter Sub-Committee.

43. Jim Murphy MP, Minister for Employment and Welfare Reform attended the final meeting of 2006 to give evidence for the inquiry into the Government's Employment Strategy.

### ***Public Service Agreements***

44. The Committee scrutinises the Department's Public Service Agreement (PSA) targets during the evidence sessions on the Departmental Annual Report and Autumn Performance Report as well as during the course of inquiries and during one-off evidence sessions with the separate agencies and bodies.

45. In the sessions on the 2005 and 2006 Annual Report and 2005 Autumn Performance Report there were recurrent PSA target themes running through the questioning. PSA targets that the Committee has been particularly interested in scrutinising include the Child Poverty and Employment Rate targets, the targets for reducing the proportion of children in workless households and the take up of Pension Credit. The targets for fraud and error, particularly the slippage in the Housing Benefit fraud and error target, were also examined.<sup>20</sup>

46. The inquiry into Incapacity Benefits and Pathways to Work looked at how the Government was progressing with its rolling PSA target to increase the employment rate of disabled people and significantly reduce the difference between their employment rate and the overall rate.<sup>21</sup> This target is also an important factor (along with the employment rate

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<sup>20</sup> Oral Evidence taken before the Work and Pensions Committee on 6 February 2006 HC (2005-06) 895, Oral Evidence taken before the Work and Pensions Committee on 23 November 2005 HC (2005-06) 615 and Oral Evidence taken before the Work and Pensions Committee on 3 July 2006 HC (2005-06) 1389

<sup>21</sup> Work and Pensions Committee, Third Report of Session 2005-06, Incapacity Benefits and Pathways to Work, HC 616, para 41

targets for lone parents, ethnic minorities and those with the lowest qualifications) for the Committee's current inquiry on the Government's Employment Strategy.

47. The Secretary of State and Chief Executive of the CSA were questioned about the PSA target to increase the proportion of Parents with Care on benefit who receive maintenance for their children to 60% by March 2006.<sup>22</sup>

48. Bill Callaghan, Chair of the Health and Safety Commission and Geoffrey Podger, Chief Executive, Health and Safety Executive were questioned about the HSE/C PSA targets and the failure to meet the target of 5% reduction in fatal and major injuries in the workplace. They were also asked about the less demanding nature of the 2007-08 targets.<sup>23</sup>

49. One of the Pension Reform inquiry conclusions was that achieving and maintaining the PSA target of take-up levels of 80% for Pension Credit is challenging and the Committee recommended that the Government sets out its analysis of how take-up programmes and procedures for claiming all means-tested benefits to which pensioners may be entitled could be made more effective.

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<sup>22</sup> Oral Evidence taken before the Work and Pensions Committee on 15 February 2006, HC (2005-06) 920

<sup>23</sup> Oral Evidence taken before the Work and Pensions Committee on 24 May 2006, HC (2005-06) 1143

## 3 New developments of 2005-06

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### You and Yours

50. In order to engage in a wider debate on the subject of Pension Reform the Chairman of the Committee appeared on the Radio 4 show, 'You and Yours', to answer questions and to listen to audience views. The calls and emails received were reflected in the Report and provided a useful insight for the Committee.

### Questionnaire pilot

51. This year the Committee has been taking part in a Committee Office pilot to distribute questionnaires to witnesses asking them about their experiences of select committee scrutiny. Committee staff drew up a questionnaire with subjects ranging from administration arrangements to the tone and style of questioning. Feedback has been very positive with most witnesses being satisfied with the service they have received from the Committee staff and with the way the meetings ran. Following this pilot the Liaison Committee has now agreed on a generic questionnaire for the use of all select committees. The witness questionnaires relate to two of the three principal House objectives, in that the results of feedback will help the House's committees to conduct their business more effectively and may also lead to an improved perception of the work of Parliament by others.

### Evidence on internet

52. The Committee decided this Parliament that written memoranda to inquiries should be published on the internet as soon as possible after being received. We hope that this will be of use both to witnesses and others who wish to follow the progress of Committee inquiries. This way witnesses can read other submissions and those listening to the evidence have a better background knowledge of what is being discussed. So far this system has been working well.

### Updates to the Press List

53. With the start of the Parliament the Committee thought it would be useful to review the list of press contacts and interested parties who receive emails about the work of the Committee to ensure that the information reaches as many people as possible. Requests for contact addresses were placed on relevant websites and we now have over 400 names on our lists of individuals or groups interested in different areas of our work.

# Formal minutes

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**Wednesday 10 January 2007**

Members present:

Mr Terry Rooney, in the Chair

Miss Anne Begg

Harry Cohen

Mrs Natascha Engel

Michael Jabez Foster

Justine Greening

Mrs Joan Humble

Greg Mulholland

John Penrose

Jenny Willott

**1. *Work of the Committee in 2005-06: report text***

The Committee considered this matter.

**2. *Work of the Committee in 2005-06: formal consideration***

Draft Report (*Work of the Committee in 2005-06*), proposed by the Chairman, brought up and read.

*Ordered*, That the Chairman's draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 53 read and agreed to.

*Resolved*, That the Report be the Second Report of the Committee to the House.

*Ordered*, That the Chairman do make the Report to the House.

\* \* \*

[Adjourned till Monday 15 January at 4.00pm]

### Reports from the Work and Pensions Committee Session 2006-07

First Report	Power to incur expenditure under Section 82 of the Welfare Reform and Pensions Act 1999: new Employment and Support Allowance IT System	HC 1648
Second Report	The Work of the Committee in 2005-06	HC 215

### Reports from the Work and Pensions Committee Session 2005-06

First Joint Report	Home Affairs and Work and Pensions Committee: Draft Corporate Manslaughter Bill	HC 540
First Special Report	Pension Credit and Delivery of Services to Ethnic Minority Clients: Government Response to the Committee's 3rd and 4th Reports of Session 2004-05	HC 297
Second Report	The Efficiency Savings Programme in Jobcentre Plus	HC 834
Third Report	Incapacity Benefits and Pathways to Work	HC 616
Second Special Report	The Efficiency Savings Programme in Jobcentre Plus: Government Response to the Committee's Second Report of Session 2005-06	HC 1187
Fourth Report	Pension Reform	HC 1068