

# Business Plan 2012–2015

## Department for Work and Pensions

31 May 2012

### Annexes

The 2012 Business Plan, and its reporting through the No.10 website, have been streamlined to focus on the Government’s structural reforms. These annexes contain information on cross–Government priorities, additional reform actions and actions from the 2011 business plan that are now complete. The Government will not report systematically on the No.10 website against the activities listed in these annexes, but overall progress will be reported through other publications, such as the Annual Report and Accounts, the Budget and a progress report on sustainable development.

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# Annex A) Cross-government priorities

The Government is committed to driving progress of a number of shared priorities across different departments. The Department of Work and Pensions (DWP) is contributing to these priorities through the commitments listed below.

Where set out, numbers in brackets refer to the position of actions in the Structural Reform Plan section of the Business Plan.

## 1. Growth

- Deliver the recommendations of the Löfstedt review of Health and Safety legislation ‘Reclaiming Health and Safety for All
- Improving access to public data has the potential to boost growth by building data and analytics markets, expanding existing market opportunities, and attracting inward investment. The Government will
  - Consult on the content of anonymised fit note data to be published from 2012 to drive innovation in the occupational health sector and improve management of sickness absence.
  - Design the Universal Credit system so that aggregate benefits data can be published during the first year of live running of the system.
  - Consider opportunities for linking welfare datasets to other government and commercial datasets to increase their value to industry.

## 2. Open Public Services

- Develop plans for extending local autonomy in Jobcentre Plus Districts which build on existing pilots.
- Align DWP continuity arrangements to HM Treasury guidance.
- As part of the Debt Transformation Project, explore the potential to extend the use of private sector suppliers in debt management processes.
- Lead for Government on Payment by Results under the auspices of the Informal Ministerial Group and the Social Justice Cabinet Committee, with the aim of enabling the expansion of Payment by Results and Social Investment mechanisms across Government

### **3. Red Tape Challenge**

- In line with the Red Tape Challenge bring forward proposals to reduce and reform the stock of statutory instruments and regulations for which the Department has overall responsibility.
  - Pensions
  - Sickness Absence
  - Health & Safety
- Work with and support other departments where they lead but where there is a DWP interest:
  - Employment-Related Law (led by the Department for Business and Innovation but with DWP interest in relation to Statutory Maternity Pay and Maternity Allowance)

### **4. Civil Society Compact**

- DWP will ensure compliance with the Civil Society Compact, including collaborative working with the civil society sector. Including:
  - Contracting for services to be delivered on its behalf, where it will continue to comply with its Commissioning Strategy.

### **5. Sustainable development**

- DWP's ambitious welfare reform agenda, creating a welfare system for the 21st century, will be key to tackling the long term, intergenerational impacts of poverty & social exclusion, maximising benefits to society, the economy and the environment.
- DWP will:
  - Assess and manage environmental social and economic impacts and opportunities in its policy development and decision making and support the cross-government indicators for sustainable development:
    - Social Mobility
    - Poverty
    - Long Term Unemployment: People unemployed for more than 12 months
  - Implement the Department's plan to deliver on the Greening Government Commitments, supplying quarterly information and contributing to an annual report on progress.

- Support the aspiration that 25% of Government's procurement spend will go via Small and Medium Enterprises (SMEs) by the end of this Parliament. Use procurement spend to support the Department's aims and objectives by promoting apprenticeships and wider skills development opportunities to suppliers
- Sustainable Development Indicators in addition to the welfare reform agenda:
  - Reduce carbon emissions by 19% from 2009/10 baseline, supporting GGC target to reduce by 25% by 2015
  - Reduce water consumption and amounts of waste landfilled and recycled in line with Greenhouse Gas Concentration (GGC) targets

## **6. Efficiency**

Ensure support for Efficiency and Reform, including efficiency measures to deliver savings and broader reforms to public services, including:

- Reduce the level of benefit expenditure overpaid to a maximum of 1.7% by 2015, as part of the joint DWP and HM Revenue and Customs Fraud and Error Strategy commitment to reduce annual welfare overpayments by one quarter over the Spending Review period (1.6).

The Departmental Efficiency part of the Business Plan (in Section C) sets out operational spending, by category, as well as specific actions to improve operational efficiency in 2012/13.

## Annex B) Additional departmental actions

This section contains additional significant actions that will be taken forward but which are not considered to be major structural reforms for the purpose of the 2012 Business Plan.

- Restore the earnings link for the basic State Pension
- Focus resources for Pension Credit on those with lowest incomes by freezing the savings credit maximum in cash terms over the period of the Spending Review.

# Annex C) Completed structural reform actions

Completed actions from the 2011 Business Plan are shown below against each Coalition priority.

## **Reform the welfare system**

### **Introduce the Universal Credit:**

- Develop a consultation document setting out proposals for the Universal Credit
- Consult on the introduction of the Universal Credit
- Analyse consultation responses and prepare the Government's response
- Publish a White Paper on plans to introduce Universal Credit
- Develop further detail on the benefits and cost of implementing Universal Credit
- Refine and update detail on the benefits and costs of implementing the Universal Credit
- Develop a detailed plan and evaluation to identify implementation risks in detail
- Deliver the parts of the front end solution, covering only a limited number of customer journeys
- Develop and agree the transition and migration plans for Universal Credit for October 2013 onwards

### **Take the powers necessary to implement the Universal Credit, along with the other changes announced in the June 2010 Budget and Spending Review**

- Draft legislation to take the powers necessary to implement the Universal Credit
- Introduce the Welfare Reform Bill to implement the Universal Credit

### **Reassess Incapacity Benefit recipients for their readiness to work and their migration to the Employment and Support Allowance (ESA) or other benefits appropriate to their circumstances, including introducing the revised Work Capability Assessment**

- Trials in Burnley and Aberdeen to migrate Incapacity Benefit recipients to ESA
- Implement the recommendations of the independent review of the Work Capability Assessment

**Introduce housing benefit reforms**

- Draft regulations for housing benefit reforms including extending the shared accommodation rates, working with local authorities, HM Treasury and the Department for Communities and Local Government
- Prepare local authorities for implementation of housing benefit policy changes
- Introduce the Welfare Reform Bill to implement housing benefit reform

**Introduce a fairer approach to calculating Support for Mortgage Interest**

- Review the approach to providing Support for Mortgage Interest to ensure consistency with the Universal Credit

**Introduce a household cap so that no workless family can receive more in welfare than medium after-tax earnings for working households**

- Develop delivery options
- Develop implementation plan

**Localise Council Tax Benefit**

- Work with the Department for Communities and Local Government to develop implementation plan for localising Council Tax Benefit
- Develop communications and a stakeholder engagement strategy

**Switch to the Consumer Price Index (CPI) for indexation of benefits and public service pensions**

- Develop implementation plan, working with HM Treasury
- Introduce changes to benefits and pensions systems to index to the CPI

**To reduce the level of benefit expenditure overpaid to a maximum of 1.7% by 2015, as part of the joint DWP and HM Revenue and Customs Fraud and Error Strategy commitment to reduce annual welfare overpayments by over one quarter over the Spending**

**Review period:**

- Conduct a full review of each benefit to ensure that the fraud and error work programme is targeted effectively
- Implement a range of new initiatives to tackle fraud and error
- Introduce the Welfare Reform Bill to implement the new benefit sanctions regime
- Produce a detailed implementation plan for the Fraud and Error Strategy
- Introduce the Mobile Regional Taskforce

**Permanently increase the level of cold weather payments**

- Lay regulations before Parliament
- Implement necessary changes to IT systems
- Regulations come into force and scheme starts
- Directgov website updated and postcode search facility available

**Time limit contributory Employment and Support Allowance**

**Conduct an independent review of how the sickness absence system in Great Britain can be changed to help more people stay in work and reduce costs**

- Analyse current GB and international evidence and consult stakeholders
- Phase 2 of consultation, development of policy options in preparation for publishing report and recommendations iii.  
Sickness Absence Review published

**Get Britain working**

**Create an integrated welfare to work programme to help unemployed people, including those in disadvantaged groups, get back into work, with providers paid largely by results and including the use of benefit savings from people moving into work. Ensure that Jobseeker's Allowance claimants facing the most significant barriers to work are rapidly referred to the new programme**

- Set up a new procurement framework, identifying the key private and voluntary sector providers with whom the Department will contract
- Run tendering process, ahead of implementation
- Prepare for rollout of a new integrated welfare to work programme, working with private and voluntary organisations
- Commence rollout of the integrated welfare to work programme nationally, ensuring no gap in provision
- First annual data released on the number of people starting on the Work Programme

**Promote self-employment to unemployed people and, through the New Enterprise Allowance, give up to 40,000 unemployed people access to the advice and support they need to start their own business by 2013**

- Ensure that there is an effective offer from Jobcentre Plus to support unemployed people to move into self-employment, working with the Department for Business, Innovation and Skills

### *Completed structural reform actions*

- Develop and publish a plan to raise awareness of self-employment opportunities, including links with franchising for all jobseekers
- Develop a plan to raise awareness of self-employment for all jobseekers, including supporting the growth of a national network of locally-led, community-based Enterprise Clubs to support unemployed people looking to move into self-employment, giving them the opportunity to access face-to-face support from the start of their claim
- Design a programme of support to give customers access to a business mentor, for guidance and support as they prepare to move into self-employment and in the early stages of trading as part of the New Enterprise Allowance
- Design and establish a financial support package for would-be entrepreneurs, once they have demonstrated the viability of their business proposition. The financial support package will include a weekly allowance and small affordable loan scheme, to access as part of the New Enterprise Allowance
- Ensure delivery partners, for mentoring and for financial support, are in place to support roll out of New Enterprise Allowance
- Launch a phased national rollout of self-employment support through the New Enterprise Allowance

#### **Establish a network of locally-led Work Clubs in community settings where people can meet, exchange skills, share experiences and receive support in finding local job opportunities**

- Determine the seed funding and local support needed from Jobcentre Plus to help voluntary organisations and community groups set up and run Work Clubs, with local businesses involved in their establishment and running
- Work with national employers to identify how they could support the growth and running of Work Clubs in the areas where they are most needed
- Local Jobcentre Plus offices begin to support the development of Work Clubs, providing practical advice and guidance, and working with interested parties to develop proposals and refer Jobcentre Plus customers
- Preliminary evaluation of Work Clubs completed
- Review delivery of Work Clubs and associated communications following completion of the preliminary evaluation

#### **Offer work experience placements to young unemployed people, including those from disadvantaged groups who lack experience or basic skills or face other barriers to work**

- Develop a set of proposals for work experience placements for young jobseekers, lasting up to 8 weeks, working with voluntary organisations and businesses

- Put in place a network of employers and voluntary organisations willing to provide work experience placements to young unemployed people

**Help connect unemployed people with volunteering opportunities in their area through a new volunteering initiative called Work Together**

- Prepare local Jobcentre Plus offices to encourage all unemployed people to consider volunteering as a way of improving their employment prospects while they are looking for work
- Make changes to the Directgov website to provide jobseekers with greater access to thousands of volunteering opportunities, working with the Cabinet Office
- Expand the number of volunteering opportunities for unemployed people provided through the Directgov website, working with voluntary organisations nationwide
- First quarterly data released on the number of volunteering opportunities available for unemployed people via Directgov v. Preliminary evaluation of Work Together completed vi. Review delivery of Work Together and associated communications following completion of the preliminary evaluation

**Work with the Department for Business, Innovation and Skills to ensure that Jobcentre Plus, Work Programme providers, further education colleges and other training providers collaborate so that people on active benefits have access to training to find and keep work, and progress once in work. This collaboration will include work with employers to give benefit claimants access to sector-specific training (alongside work experience and guaranteed interviews brokered by Jobcentre Plus) through sector-based work academies**

- Design and implement an Extension to a Work Experience placement where time to set up an apprenticeship is needed
- Extend and deliver Work Experience nationally
- Roll out of a flexible model that combines pre-employment training with a Work Experience placement

**Help tackle the causes of poverty**

**Support more lone parents into work:**

- Move lone parents who are capable of work whose youngest child is 7 or over onto Jobseeker's Allowance, as an interim measure before extending the scheme to lone parents with children of school age

## *Completed structural reform actions*

- Introduce the Welfare Reform Bill to extend Jobseeker's Allowance to those lone parents whose youngest child is 5 or over.

### **Contribute to the cross-Government work on tackling child poverty**

- Develop and publish a new child poverty strategy, taking account of the conclusions of the Field Review, working with HM Treasury and the Department for Education

### **Amend the child maintenance system:**

- Consider the scope of existing plans for child maintenance and assess future delivery.

### **Work with HM Treasury and other departments to improve the way that social impacts are accounted for in policy appraisals across Government**

- Consider the Department's organisational structure and identify options for change aimed at improving the assessment of the social impacts of policy
- Improve cross-Government guidance on best practice approaches to social impact measurement and valuation, through new guidance

### **Contribute to the cross-Government work on improving social mobility:**

- Publish jointly with the Department for Business, Innovation and Skills and the Department for Education a participation strategy for 16-24 year olds.

### **Pensions reform**

#### **Restore the earnings link for the basic State Pension:**

- Restore the earnings link for the basic State Pension, with a 'triple guarantee' that pensions are raised by the highest of earnings, prices or 2.5%
- Increase the standard minimum guarantee so that most Pension Credit recipients see the full cash rise in basic State Pension from April 2011, as announced in the June 2010 Budget.

#### **Make enrolment into pension schemes automatic, working with the industry:**

- Review the scope and existing plans for automatic enrolment and the National Employment Savings Trust (NEST, formerly 'Personal Accounts') including assessment of alternative delivery models

- Consider the impact of the review on existing plans for automatic enrolment and on NEST

**Review the regulatory framework for pensions, encouraging employers to offer high quality pensions to all employees and removing unnecessary rules and regulations**

- Modernise rules on disclosure of information to pension scheme members
- Review the rules on employer debt incurred from pension schemes and publish the findings
- Consult on abolishing contracting out from the State Pension for defined contribution pension schemes
- Develop detailed proposals and legislate, if necessary, to abolish contracting out for defined contribution pensions
- Contracting out abolished for defined contribution pension schemes

**Increase the State Pension Age to 66**

- Develop Government's response to call for evidence launched in June 2010 on the timing of the increase in State Pension Age to 66
- Develop legislation to increase the State Pension Age increasing women's State Pension Age to 65 more quickly between April 2016 and November 2018, then from December 2018 increasing State Pension Age to reach 66 by April 2020
- Introduce the Pensions Bill to implement changes to the State Pension Age

**Phase out the default retirement age, working with the Department for Business, Innovation and Skills and the Advisory, Conciliation and Arbitration Service (ACAS)**

- Consult on phasing out the Default Retirement Age
- Develop guidance for employers and individuals, working with ACAS
- Develop regulations to remove the Default Retirement Age and lay them before Parliament
- Regulations to remove the Default Retirement Age come into force

**Present a pension strategy paper to the Economic Affairs Committee**

**Develop and consult on proposals for reforming the State Pension for future pensioners:**

- Publish a Green Paper

**Work with Age UK to establish a new alliance of organisations focussed on social justice for older people**

- Support Age UK in the development of a partnership proposition

- Launch the alliance

**Develop proposals to address the issues of small pension pots by improving the transfer process and reviewing the rules for short service refunds**

- Publish a consultation paper

### **Achieve disability equality**

**Improve the work opportunities of disabled people with the greatest barriers to employment through Work Choice training and support**

- Agree contracts for Work Choice programme
- Launch the Work Choice programme

**Reform Access to Work, so disabled people can apply for jobs with funding already secured for any adaptations and equipment they will need**

- Design changes to reform Access to Work
- Determine implementation plan, working with existing providers
- Introduce Access to Work Reforms

**Introduce the ‘Right to Control’ in seven areas, giving disabled people the right to have more choice and control, to have specific services arranged on their behalf, where practical, or to commission services and purchase equipment directly by taking a cash payment or to have a mixture of these options:**

- Draft regulations for the Right to Control and lay them before Parliament
- Publish first biannual data on the number of people receiving the Right to Control
- Evaluate the Right to Control pilots and prepare interim report.

**Ensure carers receive the right employment support, working with the Department for Business, Innovation and Skills to extend flexible working opportunities and support into work those who wish to seek paid employment**

**Support the Department for Culture, Media and Sport to deliver highly accessible Olympic and Paralympic Games that leave a lasting legacy for disabled people**

## *Completed structural reform actions*

- Review affordable legacy options for disabled people through 2012 Games organisers, sponsors, government and third sector partners
- Establish a small action group of disabled people and organisations to review opportunities identified and provide feedback

### **Reform Disability Living Allowance (DLA), ensuring fair access to benefits:**

- Develop proposals to reform DLA, including objective assessments in line with the June 2010 Budget
- Consult on DLA reform proposals
- Introduce the Welfare Reform Bill to reform DLA.

### **Reform the Independent Living Fund (ILF) to provide those disabled people who face the greatest barriers with sustainable funding for independent living**

- Consult on the ILF, working with the Department of Health, the Department for Communities and Local Government and devolved administrations.

### **Improve our service to the public**

**Simplify the transition of 200,000 people each year from working age benefits to State Pension by reusing the information we already hold and automating where possible**

**Create and launch a Bereavement Service that will take information once only from next of kin in the case of over 600,000 deaths per year**

**Simplify the process for the 330,000 Employment and Support Allowance and Income Support customers who are found to be well enough to work each year**

### **Implement and build on Lord Young's report "Common Sense, Common Safety" to reform Britain's health and safety regime**

- Develop and publish proposals to change the culture of health and safety
- Eradicate unnecessary health and safety bureaucracy:
  - a. Introduce a simplified risk assessment form for low hazard workplaces
  - b. Launch periodic checklists for use by low risk voluntary organisations
  - c. Produce clear guidance for small and medium sized businesses engaged in lower risk activities

*Completed structural reform actions*

- d. Review and re-launch existing guidance for home workers in low hazard environments
- Establish a web based directory of accredited health and safety consultants based on a minimum professional standard iv. Streamline and simplify health and safety legislation by:
  - a. Consulting on changes to the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations
  - b. Conducting an independent review of health and safety regulations
  - c. Consulting on a draft voluntary code of practice to replace the current Adventure Activities Licensing Authority regime
  - d. Consulting on the approach to sharing more of HSE's costs with the businesses that create risks by operating outside health and safety law

NB: Please note that the Department did not complete the action to 'Improve the quality of contact with the Department and its agencies' for the following published reasons:

- Introduce telephony self-service to provide automated answers to queries – published September 2011:

The Coalition's transformation of the Welfare State means that certain projects inherited from the previous Government now represent poor value for money and have a very limited lifespan.

The Department has now concluded that is not possible to achieve a viable commercial solution for Telephony Self Service which delivers value for money and has made the decision, therefore, not to proceed with this work. The Department will continue to explore whether other telephony services may benefit from this technology and how it can best support the development and implementation of Universal Credit.
- Reduce follow-on queries from 80 million automated letters issued each year – published October 2011:

The Department has decided that there would be little benefit in progressing the Transforming Letters project in a cost-effective way before the planned introduction of Universal Credit. Although the underpinning technology will be re-used in Universal Credit, the programme of changes between now and the introduction of the new benefit would be largely nugatory and the Department has decided, therefore, to close the project early. Final closure activities are now well-advanced and we expect the project will terminate later this year.