

# Department for Work and Pensions Draft Structural Reform Plan

July 2010

# Structural Reform Plans

Structural Reform Plans are the key tool of the Coalition Government for making departments accountable for the implementation of the reforms set out in the Coalition Agreement. They replace the old, top-down systems of targets and central micromanagement.

The reforms set out in each department's SRP are designed to turn government on its head, taking power away from Whitehall and putting it into the hands of people and communities. Once these reforms are in place, people themselves will have the power to improve our country and our public services, through the mechanisms of local democratic accountability, competition, choice, and social action.

The reform plans set out in this document are consistent with and form part of the Department's contribution to the Spending Review. All departmental spending is subject to the Spending Review.

We have adopted a cautious view of the timescales for delivering all legislative measures due to the unpredictability of pressures on Parliamentary time.

# Foreword by the Secretary of State

I am delighted to publish this first Structural Reform Plan as Secretary of State for Work and Pensions.

By being open and transparent and engaging in consultation we have set out our objectives and priorities for this new Parliament. We aim to ensure that the British people can hold us to account in a way no other Government has been before.

At the heart of this Department and this reform plan is our commitment to Social Justice. I want to break the cycle of intergenerational disadvantage, to increase fairness between different groups of benefit recipients and between recipients and the taxpayer and protect people against larger losses.

We recently launched *21<sup>st</sup> Century Welfare*, a command paper considering structural reform of the benefits and Tax Credits system. We are seeking views on how best to design and replace today's complex working age structure with a reformed system which better incentivises work, simplifies the present system and targets support more effectively towards those most in need and breaks the cycle of welfare dependency.

We have already made rapid progress in developing the centrepiece policies of a new consolidated Work Programme, targeted training and support for people looking to get into work and schemes to get Britain working. We will be also taking forward new pensions legislation as we face up to a changing and ageing society.

We have announced savings of £4.7 billion per annum by 2014–15 through the welfare reforms detailed in the Budget. As part of the Spending Review we will be looking at the scope for further savings in welfare to support tradeoffs with departmental spend on public services.

The British people deserve a welfare system that works and a fair system that supports the most vulnerable people in society, alleviates poverty, and supports responsible behaviour. This Plan is our commitment to change and we would welcome your thoughts and support as we consult on securing reform for the long-term.

We will listen and revise this plan following consultation. We will then publish it as a final commitment alongside our agreed budgets in the autumn Spending Review.

Please send your comments to: IAIN DUNCAN SMITH [structuralreformplan@dwp.gsi.gov.uk](mailto:structuralreformplan@dwp.gsi.gov.uk)

# Departmental priorities

## 1. Work Programme

- Help and support people who are out of work to move into work; at the same time we will expect people to take up that help and we will sanction those who turn down reasonable offers of work or training. Work with the private and voluntary sectors to improve employment outcomes

## 2. Welfare reform

- Encourage responsibility and fairness by simplifying the welfare system so that work always pays and the momentum of the system is always into work

## 3. Tackle poverty

- Recognise work as the primary sustainable route out of poverty, reduce the number of children in workless households, improve the operation of the benefits system and reform the child maintenance system, and work across Government to develop a new child poverty strategy

## 4. Get Britain Saving

- Tackle pensioner poverty by providing decent State Pensions, encourage employers to provide high quality pensions for all employees, and work with employers, consumers and industry to make automatic enrolment and increased pension saving a reality

## 5. Achieving disability equality

- Ensure that disabled people have the same opportunities as non-disabled people to succeed in life and fully participate in society

## 6. Make the department an exemplar of effective customer service

- Work with communities and partners to deliver excellent service to the Department's 20 million customers

# 1. Work Programme (1 / 2)

*Help and support people who are out of work to move into work; at the same time we will expect people to take up that help and we will sanction those who turn down reasonable offers of work or training. Work with the private and voluntary sectors to improve employment outcomes*

<b>ACTIONS</b>	<b>Start</b>	<b>End</b>
<b>1.1 Create an integrated welfare to work programme to help unemployed people get back into work, with providers paid largely by results</b>		
i. Transfer all providers to a single procurement framework	Jul 2010	Dec 2010
ii. Run tendering process for new integrated welfare to work programme, ahead of implementation	Jan 2011	2011
<b>1.2 Develop options to provide pre-employment training opportunities to Get Britain Working, working with the Department for Business, Innovation and Skills</b>	Jul 2010	Oct 2010
<b>1.3 Develop options to promote self-employment to the unemployed, and give them access to the advice and support they need to start their own business</b>		
i. Develop financial support options, coupled with mentoring for supporting would-be entrepreneurs into self-employment	Jul 2010	Oct 2010
ii. Preparatory work to put in place targeted new self-employment support, subject to the Spending Review	Nov 2010	Spring 2011
iii. Develop wider business support options to ensure there is an effective offer for unemployed people, working with the Department for Business, Innovation and Skills	Nov 2010	Feb 2011
<b>MILESTONES</b>		
A. All work programme providers transferred to a single procurement framework	Dec 2010	
B. Further options for extending 'Work for Yourself' schemes published	Feb 2011	



## 2. Welfare reform

*Encourage responsibility and fairness by simplifying the welfare system so that work always pays and the momentum of the system is always into work*

<b>ACTIONS</b>	<b>Start</b>	<b>End</b>
<b>2.1 Set out the Government's vision for welfare reform for this Parliament</b>		
i. Publish a document setting out the vision	Jul 2010	
ii. Consult regarding welfare reform principles and plans	Jul 2010	Oct 2010
<b>2.2 Review and confirm the 3 year timetable for reassessment of Incapacity Benefit recipients and their migration to Employment and Support Allowance or other benefits appropriate to their circumstances</b>	Oct 2010	
<b>2.3 Introduce a fairer approach to calculating Support for Mortgage Interest</b>	Oct 2010	
<b>2.4 Introduce a Bill to enable reforms as announced in the Queens Speech and Emergency Budget</b>	Jan 2011	Nov 2011
<b>2.5 Develop IT solutions for automating and administering the benefit system</b>	Mar 2011	Mar 2013
<b>2.6 Implement the switch to Consumer Price Index for indexation of benefits and public sector pensions</b>	Apr 2011	
<b>2.7 Begin implementation of Housing Benefit reforms announced in Emergency Budget</b>	Apr 2011	Apr 2013
<b>2.8 Introduce a new assessment and review process for working age Disability Living Allowance</b>	Apr 2013	
<b>MILESTONES</b>		
A. Complete consultation on welfare reform		Oct 2010
B. Trial of the IB-ESA reassessment and migration process starts in Burnley and Aberdeen		Oct 2010
C. Welfare Reform Bill introduced		Jan 2011
D. National Incapacity Benefit reassessment and migration begins		Apr 2011
E. Housing Benefit reforms implementation begins		Apr 2011
F. Reassessment of existing Incapacity Benefit claimants complete		Apr 2014



## 4. Get Britain Saving (1 / 2)

*Tackle pensioner poverty by providing decent State Pensions, encourage employers to provide high quality pensions for all employees, and work with employers, consumers and industry to make automatic enrolment and increased pension saving a reality*

<b>ACTIONS</b>	<b>Start</b>	<b>End</b>
<b>4.1 Restore the earnings link for the Basic State Pension</b>		
i. Provide a 'triple guarantee' announced at the June 2010 Budget: the basic state pension is increased by the highest of earnings, prices, or 2.5%	Apr 2011	
ii. Increase the standard minimum guarantee so that most Pension Credit recipients see the full cash rise in basic state pension for April 2011, as announced in the June 2010 Budget	Apr 2011	
<b>4.2 Work with business and industry to deliver auto-enrolment</b>		
i. 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	Jul 2010	Sep 2010
ii. Consider the impact of the review's finding on existing plans	Sep 2010	Oct 2010
iii. Continue with implementation of automatic enrolment consistent with review outcomes	Nov 2010	Oct 2012
<b>4.3 Review the regulatory framework for pensions</b>		
i. Encourage employers to offer high quality pensions to all employees, removing unnecessary rules and regulations	Jul 2010	Apr 2012
<b>MILESTONES</b>		
A. Re-link the basic State Pension to earnings	Apr 2011	
B. Abolition of contracting out for defined contribution pension schemes	Apr 2012	
C. Start delivery of auto-enrolled pensions for low and middle earners following the outcome of the review	Oct 2012	



## 5. Achieving disability equality

*Ensure that disabled people have the same opportunities as non-disabled people to succeed in life and fully participate in society*

<b>ACTIONS</b>	<b>Start</b>	<b>End</b>
<b>5.1 Explore options for improving the work opportunities of disabled people with the greatest barriers to employment</b>	Jul 2010	Nov 2010
<b>5.2 Develop options to reform Access to Work, so disabled people can apply for jobs with funding already secured for any adaptations and equipment they will need</b>	Jul 2010	Apr 2011
<b>5.3 Begin 'Right to Control' in 8 locations giving disabled people the right to commission public services or take a cash payment to buy services and equipment</b>	Dec 2010	Nov 2012
<b>5.4 Support the Department of Culture Media and Sport to deliver a highly accessible Olympic and Paralympic games that leaves a lasting legacy</b>	Jul 2010	Nov 2012
<b>5.5 Ensure carers and disabled people receive the right support</b>		
i. Develop options to extend the right to request flexible working to all employees, working with the Department for Business, Innovation and Skills	Autumn 2010	
ii. Extend the higher rate mobility component of Disability Living Allowance to people with very severe sight impairments	Apr 2011	
<b>5.6 Reform the gateway to Disability Living Allowance (DLA) ensuring fair access to benefits</b>		
i. Legislate to reform the gateway to DLA through the Welfare Reform Bill	Jan 2011	Nov 2011
ii. Introduce an independent objective assessment for DLA	Apr 2013	
<b>MILESTONES</b>		
A. Start trial of 'Right to Control'	Dec 2010	
B. Extension of Disability Living Allowance Higher Rate Mobility Component	Apr 2011	

