

Title: Simplification of Industrial Injuries Benefits Lead department or agency: Department for Work and Pensions Other departments or agencies: Jobcentre Plus	Impact Assessment (IA)
	IA No:
	Date: 16 February 2011
	Stage: Final
	Source of intervention: Domestic
	Type of measure: Primary Legislation
Contact for enquiries:	

Summary: Intervention and Options

What is the problem under consideration? Why is government intervention necessary?

The Industrial Injuries Benefit schemes (IIBs) need rationalising, simplifying and de-regulating. Developing since 1948, their detailed and varied rules make them complicated to understand.

- There is a separate scheme for trainees.
- Two schemes for those injured before 5 July 1948.
- People under 18 are paid a lower rate of benefit.
- People can apply for an accident declaration which simply logs the incident for future reference.
- Industrial Death Benefit (IDB) is closed for deaths after 11 April 1988 but claims can still be made

What are the policy objectives and the intended effects?

These measures standardise and simplify the way people make claims. They de-regulate some schemes and reduce the number of “special cases” without radical change of the fundamental scheme by:

- Amalgamating separate schemes for people injured as trainees, and those injured before 7 July 1948 into the main scheme.
- Paying all people injured at work the same rate irrespective of their age.
- Removing the right to apply for an accident declaration which is often a nugatory process.
- Removing the redundant right to claim IDB.

What policy options have been considered? Please justify preferred option (further details in Evidence Base)

Option 1. To do nothing. This does not meet the policy objective so the Government has decided not to follow this option.

Option 2. To simplify the current IIBs. The advantages of these measures are not about costs or savings. The strong advantages are that the scheme will be simplified and the older obsolete elements removed, along with the associated legislation. This is the preferred option.

When will the policy be reviewed to establish its impact and the extent to which the policy objectives have been achieved?

It will be reviewed
April 2015

Are there arrangements in place that will allow a systematic collection of monitoring information for future policy review?

Yes, see Annex 1

Summary: Analysis and Evidence: Industrial Injuries Reform

Price Base Year 10/11	PV Base Year 10/11	Time Period Years 3	Net Benefit (Present Value (PV)) (£m)		
			Low:	High:	Best Estimate: 0.8

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	-	-	-
High	-	-	-
Best Estimate	-	-	0.07

Description and scale of key monetised costs by 'main affected groups'

The cost of transferring the pre-1948 schemes caseload to Industrial Injuries Disablement Benefits is due to the increase in entitlement being paid to some recipients. Annual costs decline over the years because of a decreasing forecasted caseload.

Other key non-monetised costs by 'main affected groups'

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	-	-	-
High	-	-	-
Best Estimate	-	-	0.88

Description and scale of key monetised benefits by 'main affected groups'

£0.07 million of the Total Benefit is the benefit to recipients who now have increased entitlements due to the transfer from the pre-1948 schemes to Industrial Injuries Disablement Benefits.

£0.81 million of the Total Benefit is the administrative savings from removing the Accident Declaration provisions and their operational processes, and therefore saving on staff costs.

Other key non-monetised benefits by 'main affected groups'

Simplification will reduce regulation and make claiming easier to understand for trainees and those injured before 5 July 1948. The rates payable under the main scheme will be easier to understand because people under 18 will no longer be paid a lower rate of benefit. Removing the redundant right to claim IDB will further simplify and de-regulate the IIBs.

Key assumptions/sensitivities/risks	Discount rate	3.5
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Impact on admin burden (AB) (£m):	Impact on policy cost savings	In
New AB:	Policy cost savings:	
AB savings:	Net:	

Enforcement, Implementation and Wider Impacts

What is the geographic coverage of the policy/option?			Great Britain		
From what date will the policy be implemented?			April 2012		
Which organisation(s) will enforce the policy?			Jobcentre Plus		
What is the annual change in enforcement cost (£m)?			N/A		
Does enforcement comply with Hampton principles?			N/A		
Does implementation go beyond minimum EU requirements?			N/A		
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)			Traded: 0	Non-traded: 0	
Does the proposal have an impact on competition?			N/A		
What proportion (%) of Total PV costs/benefits is directly attributable to primary legislation, if applicable?			Costs: 100%	Benefits: 100%	
Annual cost (£m) per organisation (excl. Transition) (Constant Price)	Micro	< 20	Small	Medium	Large
Are any of these organisations exempt?	N/A	N/A	N/A	N/A	N/A

Specific Impact Tests: Checklist

Set out in the table below where information on any SITs undertaken as part of the analysis of the policy options can be found in the evidence base. For guidance on how to complete each test, double-click on the link for the guidance provided by the relevant department.

Please note this checklist is not intended to list each and every statutory consideration that departments should take into account when deciding which policy option to follow. It is the responsibility of departments to make sure that their duties are complied with.

Does your policy option/proposal have an impact on...?	Impact	Page ref within IA
Statutory equality duties ¹	YES	Separate publication
Economic impacts		
Competition	NO	
Small firms	NO	
Environmental impacts		
Greenhouse gas assessment	NO	
Wider environmental issues	NO	
Social impacts		
Health and well-being	NO	
Human rights	NO	
Justice system	NO	
Rural proofing	NO	
Sustainable development	NO	

¹ Race, disability and gender Impact assessments are statutory requirements for relevant policies. Equality statutory requirements will be expanded 2011, once the Equality Bill comes into force. Statutory equality duties part of the Equality Bill apply to GB only. The Toolkit provides advice on statutory equality duties for public authorities with a remit in Northern Ireland.

Evidence Base

Annual profile of monetised costs and benefits* - (£m) constant prices

	2011/12	2012/13	2013/14	2014/15
Transition costs				
Annual recurring cost				
Total annual costs		0.03	0.03	0.02
Transition benefits				
Annual recurring				
Total annual benefits		0.33	0.33	0.32

* For non-monetised benefits please see summary pages and main evidence base section

Evidence Base

Policy Rationale

What is the current policy?

1. The IIB schemes have been developing since 1948, and have many detailed and varied rules, which make them complicated for customers to understand and staff to administer.
 - There is a separate scheme for trainees (Analogous Industrial Injuries Scheme).
 - Two schemes for those injured before 5 July 1948 (Workmen's Compensation (Supplementation) Scheme and the Pneumoconiosis Byssinosis and Miscellaneous Diseases Benefit Scheme).
 - People under 18 are paid a lower rate of benefit (Industrial Injuries Disablement Benefit for people under the age of 18).
 - People can apply for an accident declaration which simply logs the incident for future reference.
 - Industrial Death Benefit (IDB) is closed for deaths after 11 April 1988 but claims can still technically be made.

What is the change in policy?

2. To standardise and simplify the way people claim IIBs by amalgamating the schemes and reducing the number of "special cases" without radical change of the fundamental scheme, by:
 - Amalgamating separate schemes for people injured as trainees, and those injured before 7 July 1948 into the main scheme (Industrial Injuries Disablement Benefit).
 - Paying all people injured at work the same rate irrespective of their age (the latest data shows that there were no new claimants under the age of 18, therefore the cost of this change is expected to be nil or negligible).
 - Remove the right to apply for an accident declaration which is often a nugatory process
 - Remove the redundant right to claim IDB.

Reason for change in policy

3. The advantages of these measures are not about costs or savings. The strong advantages are that the scheme will be simplified and the older obsolete elements removed, along with the associated legislation. It will remove some anomalies and make the scheme easier to understand and claim under.

Rationale for Intervention

4. The IIBs have been developing since 1948 and they provide support for those who have suffered an injury or disease as a result of their work. Over the years since then, the work and welfare system, and the IIB schemes have become more complex. It is time now to make support for people who suffer a workplace injury or illness easier to understand and claim.

Estimating Costs and Benefits

Estimated Costs

6. The only measure which will incur a cost is transferring those injured before 7 July 1948 into the main scheme, Industrial Injuries Disablement Benefit (IIB), because of the higher rates on IIB. This cost declines over the years because of the forecasted decline in caseload. The effect of increased payments on means tested benefits is also taken into account when estimating the cost.

Estimated Benefits

7. Some pre-1948 schemes recipients who have been transferred to Industrial Injuries Disablement Benefit will now have increased entitlement and therefore benefit from the change. Again, the effect on individuals' means tested benefits is taken into account.
8. Removing Accident Declaration provisions will incur a benefit by reducing staff costs. The Accident Declaration allows individuals to log an incident with a view to settling the matter of whether an accident has occurred if a claim is made in the future. It does not lead to any benefit payouts. At present this takes the time of 10-15 full-time equivalent members of staff. Jobcentre Plus decision-makers are trained to decide if an accident has occurred at the time a claim is made whether or not there is an accident declaration, therefore this is a nugatory process.
9. There will be a non-monetised benefit of simplification. The changes will reduce regulation and make claiming easier to understand for trainees and those injured before 5 July 1948. The rate payable under the main scheme will be easier to understand because people under 18 will no longer be paid a lower rate of benefit. Removing the redundant right to claim IDB will further simplify and de-regulate the IIBs.

Changes in Benefit Entitlement

10. The below table shows how individuals' benefit entitlements will change as a result of the changes in policy.

Policy	Current Rate	New Rate	Forecast caseload 2012/13	Forecast Exchequer Cost 2012/13 (£million)
Amalgamating trainees scheme with IIDB	Between £30.79 and £153.93 depending on severity of disability	No change (£30.79 to £153.93)	Around 400	0
Amalgamating pre-1948 schemes with IIDB	Total rate: £153.93, Partial Rate: £56.91	No change in total rate. Partial rate equivalent: £61.57	150 (120 on partial rate)	0.03
Equalising payout for all ages	Between £18.87 to £94.33 depending on severity of disability	Between £30.79 and £153.93 depending on severity of disability (around 60% higher than before)	Nil/negligible	0
Removing accident declarations	No benefit payouts. Administrative savings only.			
Closing Industrial Death Benefit	Higher rate: £102.79, Lower rate: £30.84	£0	Nil	0

2012/13 rates

Annex 1: Post Implementation Review (PIR) Plan

A PIR should be undertaken, usually three to five years after implementation of the policy, but exceptionally a longer period may be more appropriate. A PIR should examine the extent to which the implemented regulations have achieved their objectives, assess their costs and benefits and identify whether they are having any unintended consequences. Please set out the PIR Plan as detailed below. If there is no plan to do a PIR please provide reasons below.

<p>Basis of the review:</p> <p>The impact of the policy changes will be reviewed and monitored regularly as roll out takes place. All analysis in the review will be subject to the ongoing availability of the underlying dataset.</p>
<p>Review objective:</p> <p>To assess whether the changes meet the broad objective set out in the Impact Assessment to standardise and simplify the way people claim Industrial Injuries Benefit by reducing “special cases” without financial loss and radical change to the fundamental scheme.</p>
<p>Review approach and rationale:</p> <p>Manual checks that existing cases are transferred to the main Industrial Injuries scheme at an equivalent or higher rate and analysis of Industrial Injuries Disablement Benefit (IIDB) administrative dataset to establish that transfers from the other Industrial Injuries Benefits have completed.</p>
<p>Baseline:</p> <p>Projected trends in caseload and expenditure for all the Industrial Injuries Benefits in the absence of the simplification measures.</p>
<p>Success criteria:</p> <p>Caseload and expenditure increase in line with projected trends.</p>
<p>Monitoring information arrangements:</p> <p>The Information Directorate publish caseload figures and expenditure on Industrial Injuries Benefits. The review will assess the impact on the caseload and expenditure on these benefits following simplification and amalgamating other benefits into IIDB.</p>
<p>Reasons for not planning a PIR:</p> <p>Not applicable</p>