

Template for costing policies of opposition parties

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Description of policy
<p>Providing a personal statement for all those who receive a Work Capability Assessment (WCA).</p> <p>“Labour will work with disabled people and disabled people’s organisations to reform the discredited Work Capability Assessment to ensure it is fit for purpose. Everyone who is assessed will receive a personal statement of how their condition or impairment impacts on their ability to work, as a gateway to defining and assembling the package of support they’d need if they are able to do so.”</p> <p>Opposition policy document, September 2014:</p> <p>http://www.yourbritain.org.uk/uploads/editor/files/NPF_Annual_Report_2014.pdf</p> <p>This note only costs the personal statement element of the policy described above. It does not cost any other changes to the Work Capability Assessment.</p>
Additional policy assumptions
<ul style="list-style-type: none">• Assume the policy is applied to everyone receiving a WCA from 2015/16, including those who are found ineligible for ESA, those put into the WRAG group and those put into the support group.• Assume that the personal statement is re-issued/updated each time someone receives a WCA.• The current WCA does not gather the information required to produce a personal statement of how an individual’s condition impacts their ability work, as it does not assess a claimant’s ability to carry out specific jobs. A separate assessment would be required to do this. This is assumed to be based on the Work Focused Health Related Assessment (WFHRA), which was discontinued in 2010.
Additional technical modelling assumptions or judgements required
<ul style="list-style-type: none">• In line with the assumptions provided by SpAds, we have based the costing on a WFHRA-style assessment being introduced to the WCA process to allow an impartial conversation to take place with the claimant about their perceptions about work and any employment barriers. Decision Maker time would also be required, in addition to the assessment, to allow inclusion of the additional information gathered in the Decision Maker’s reasoning and to provide information to the claimant about their benefit entitlement and associated support package.• The costing takes Autumn Statement forecast WCA volumes and multiplies these by the sum of the unit cost of the two components outlined above (WFHRA cost + Decision Maker time).• WCA volumes are those underpinning the Autumn Statement 2014 OBR ESA forecast.

- WFHRA unit costs are based on actual unit costs before the WFHRA was suspended in 2010. In 2012 DWP produced an estimate for reintroducing the WFHRA; this costing takes that estimated unit cost and applies a reasonable range to reflect that the cost in 2015-16 may be higher or lower depending on changes in commercial arrangements and volumes. This range results in an upper and lower unit cost estimate shown in the table below.
- Decision Makers would be Band C salary scale. The cost of Band C DM time is £30.64 for 1 hour, £22.98 for 45 minutes and £15.32 for 30 mins. Again, reflecting uncertainty in the time it would take to deliver the new policy we have used an upper and lower unit cost, based on these figures, to create a range.
- Price of both WFHRA and DM time at 2015 prices and unchanged throughout.
- Costs do not include estimates of training etc for Decision Makers and Health Care Professionals.
- No additional postage costs assumed, as personal statement would be sent out with decision letter.
- No account taken of operational impact, i.e. reduction in assessments being completed/decisions being taken due to increased ask.

If needed, information required on distributional effects of the policy

n/a

Cost/Revenue to the Exchequer over five years

	2015-16	2016-17	2017-18	2018-19	2019-20
WCA volumes	877,297	1,251,142	1,300,000	1,200,000	1,200,000
WFHRA cost – lower bound (£25 per unit)	21,932,417	31,278,542	32,500,000	30,000,000	30,000,000
WFHRA cost – upper bound (£50 per unit)	43,864,833	62,557,083	65,000,000	60,000,000	60,000,000
DM time – lower bound (30 mins)	13,440,185	19,167,490	19,916,000	18,384,000	18,384,000
DM time – upper bound (45 mins)	20,160,277	28,751,236	29,874,000	27,576,000	27,576,000

Cost estimate = WCA volume x (WFHRA cost + DM time)

- Low estimate is derived from lower estimate of WFHRA cost and lower estimate of DM time required to produce personal statement.
- Medium estimate 1 is derived from lower estimate of WFHRA cost and upper estimate of DM time required to produce personal statement.
- Medium estimate 2 is derived from upper estimate of WFHRA cost and lower estimate of DM time required to produce personal statement.
- High estimate is derived from upper estimate of WFHRA cost and upper estimate of DM time required to produce personal statement.

DEL costs, £m	Year 1	Year 2	Year 3	Year 4	Year 5
Low estimate	35.3	50.4	52.4	48.4	48.3
Medium estimate 1	42.1	60.0	62.4	57.6	57.6
Medium estimate 2	57.3	81.7	84.9	78.4	78.4
High estimate	64.0	91.3	94.9	87.6	87.6

Please summarise spending impacts in Table 1, below.

£m	2015-16	2016-17	2017-18	2018-19	2019-20
Total (to nearest £5m)	35 - 65	50 - 90	50 - 95	50 - 90	50 - 90

Distributional effects (if none requested, any significant):

Comparison with current system (if applicable):

The Work Focused Health Related Assessment (WFHRA) was intended to allow claimants to explore their perceptions about work and barriers to employment. The WFHRA has been suspended since July 2010 as external evaluation found that it was not delivering the intended outcomes. The powers to re-instate it still exist. This would require secondary regulation and contract re-negotiation with our assessment provider.

The WCA as currently delivered assesses claimants against a series of functional descriptors – these are proxies for the types of activities carried out in a modern workplace, but do not assess a claimant’s ability to carry out specific jobs. To do this would require either the re-

introduction of a WFHRA-style assessment or the design and implementation of a new assessment.

Other comments (including other Departments consulted):

DWP provided and signed off the analysis to produce this Opposition costing.

To be completed by Permanent Secretary's Office
Date costing signed off:

22/12/2014

[If applicable]
Date revised costing signed off: