

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 21st 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 <u>structuralreformplan@dwp.gsi.gov.uk</u>

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

ACT	ION	<u>S</u>	Start	End
1.1	Crea	ate an integrated welfare to work programme to help unemployed people get back		
	into	work, with providers paid largely by results		
	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	Jan 2011	2011
		implementation		
1.2	Dev	elop options to provide pre-employment training opportunities to Get Britain	Jul 2010	Oct 2010
	Wor	king, working with the Department for Business, Innovation and Skills		
1.3	Dev	elop options to promote self-employment to the unemployed, and give them		
	acc	ess to the advice and support they need to start their own business		
	i.	Develop financial support options, coupled with mentoring for supporting would-be	Jul 2010	Oct 2010
		entrepreneurs into self-employment		
	ii.	Preparatory work to put in place targeted new self-employment support, subject to the	Nov 2010	Spring 2011
		Spending Review		
	iii.	Develop wider business support options to ensure there is an effective offer for	Nov 2010	Feb 2011
		unemployed people, working with the Department for Business, Innovation and Skills		
		ONES	Dec 2010	
	<u>A</u> .	All work programme providers transferred to a single procurement framework	Dec 2010	
	В.	Further options for extending 'Work for Yourself' schemes published	Feb 2011	

1. Work Programme (2/2)

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

Establish a range of Service Academies to help people find employment in key		
sectors, working with the Department for Business, Innovation and Skills		
i. Develop options for Academy training and work placements	Jul 2010	Nov 2010
ii. Preparatory work to put in place Service Academies, subject to the Spending Review	Nov 2010	Spring 2011
Develop options to 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		
i. Develop options, including how to provide seed funding to voluntary sector	Jul 2010	Nov 2010
organisations so they can set up and run Work Clubs involving local businesses in		
their establishment and running		
ii. Preparatory work to put in place Work Clubs, subject to the Spending Review	Nov 2010	Spring 2011
Develop options to offer work experience placements to jobseekers	Jul 2010	Nov 2010
Develop options for 'Work Together', a programme to connect people with	Jul 2010	Nov 2010
volunteering opportunities in their area		
STONES		
available, subject to the Spending Review	Spring 2011	
	 ii. Preparatory work to put in place Service Academies, subject to the Spending Review Develop options to 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 i. Develop options, including how to provide seed funding to voluntary sector organisations so they can set up and run Work Clubs involving local businesses in their establishment and running ii. Preparatory work to put in place Work Clubs, subject to the Spending Review Develop options to offer work experience placements to jobseekers Develop options for 'Work Together', a programme to connect people with volunteering opportunities in their area 	ii. Preparatory work to put in place Service Academies, subject to the Spending Review Nov 2010 Develop options to establish a network of locally led 'Work Clubs' in community Settings where people can meet, exchange skills, share experiences and receive Nov 2010 support in finding local job opportunities Jul 2010 i. Develop options, including how to provide seed funding to voluntary sector Jul 2010 organisations so they can set up and run Work Clubs involving local businesses in their establishment and running ii. Preparatory work to put in place Work Clubs, subject to the Spending Review Nov 2010 Develop options to offer work experience placements to jobseekers Jul 2010 Develop options for 'Work Together', a programme to connect people with Jul 2010 volunteering opportunities in their area Stones Spring 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

AC	<u>FIONS</u>	Start	End
2.1	Set out the Government's vision for welfare reform for this Parliament		
	i. Publish a document setting out the vision	Jul 2010	
	ii. Consult regarding welfare reform principles and plans	Jul 2010	Oct 2010
2.2	Review and confirm the 3 year timetable for reassessment of Incapacity Benefit	Oct 2010	
	recipients and their migration to Employment and Support Allowance or other		
	benefits appropriate to their circumstances		
2.3	Introduce a fairer approach to calculating Support for Mortgage Interest	Oct 2010	
2.4	Introduce a Bill to enable reforms as announced in the Queens Speech and	Jan 2011	Nov 2011
	Emergency Budget		
2.5	Develop IT solutions for automating and administering the benefit system	Mar 2011	Mar 2013
2.6	Implement the switch to Consumer Price Index for indexation of benefits and public	Apr 2011	
	sector pensions		
2.7	Begin implementation of Housing Benefit reforms announced in Emergency Budget	Apr 2011	Apr 2013
2.8	Introduce a new assessment and review process for working age Disability Living	Apr 2013	
	Allowance		
MIL	ESTONES		
	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	

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

AC	ACTIONS			End
3.1	1 Support more lone parents into work			
	i.	Move lone parents who are capable of work onto Jobseeker's Allowance when their	Oct 2010	Apr 2011
		youngest child is 7 or over		
	ii.	Extend to those whose youngest child is 5 or over (the Government does not think that	Jan 2012	Jul 2012
		lone parents with children under school age should be required to seek work)		
	iii.	Develop options to provide lone parents with employment support, subject to the	Jul 2010	Oct 2010
		Spending Review		
3.2	Cor	ntribute to the cross-Government work tackling child poverty		
	i.	Working with HM Treasury and Department for Education, develop a new child poverty	Jul 2010	Mar 2011
		strategy, considering the conclusions of the Field Review and establish the new Child		
		Poverty Commission		
	ii.	Continue reforming the child maintenance system	Jul 2010	
MIL	EST	<u>ONES</u>		
	Α.	Lone parents who are capable of work begin to be moved onto Jobseeker's Allowance	Oct 2010	
L		when youngest child is 7 or over		
	В.	First Child Poverty Strategy published	Mar 2011	
	C.	Lone parents who are capable of work begin to be moved onto Jobseeker's Allowance	Jan 2012	
		when youngest child is of school age		

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

AC	TION	S	<u>Start</u>	End
4.1	Res	store the earnings link for the Basic State Pension		
	i.	Provide a 'triple guarantee' announced at the June 2010 Budget: the basic state	Apr 2011	
		pension is increased by the highest of earnings, prices, or 2.5%		
	ii.	Increase the standard minimum guarantee so that most Pension Credit recipients see	Apr 2011	
		the full cash rise in basic state pension for April 2011, as announced in the June 2010		
		Budget		
4.2	Wo	rk with business and industry to deliver auto-enrolment		
	i.	Review the scope and existing plans for automatic enrolment and the National	Jul 2010	Sep 2010
		Employment Savings Trust (NEST, formerly 'Personal Accounts') including		
		assessment of alternative delivery models		
	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
4.3	Rev	view the regulatory framework for pensions		
	i.	Encourage employers to offer high quality pensions to all employees, removing	Jul 2010	Apr 2012
		unnecessary rules and regulations		
MIL	EST	<u>ONES</u>		
	Α.	Re-link the basic State Pension to earnings	Apr 2011	
	В.	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	Oct 2012	
		outcome of the review		

4. Get Britain Saving (2/2)

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

<u>ACT</u>	IONS	Start	End
4.4	Review the State Pension		
L	i. Publish conclusions on the timing of the increase in State Pension Age to 66 following	Jun 2010	Autumn 2010
	responses submitted to the Government's call for evidence launched in June 2010		
4.5	Tackle pensioner poverty by ensuring that future pensioners save, that present	Jun 2010	
L	pensioners receive the support they need and key benefits and pensions are		
	safeguarded		
4.6	Working with the Department for Business, Innovation and Skills, consult on how to	Jul 2010	Oct 2011
	phase out the Default Retirement Age and implement abolition		
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MIL	ESTONES		
	D. Publish conclusions on timing of increase in State Pension Age to 66	Autumn 2010	
	E. Default Retirement Age phased out	Oct 2011	

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

AC		<u>S</u>	Start	End
5.1	Ехр	lore options for improving the work opportunities of disabled people with the	Jul 2010	Nov 2010
	grea	atest barriers to employment		
5.2	Dev	elop options to reform Access to Work, so disabled people can apply for jobs with	Jul 2010	Apr 2011
	fund	ling already secured for any adaptations and equipment they will need		
5.3	Beg	in 'Right to Control' in 8 locations giving disabled people the right to commission	Dec 2010	Nov 2012
L	pub	lic services or take a cash payment to buy services and equipment		
5.4	Sup	port the Department of Culture Media and Sport to deliver a highly accessible	Jul 2010	Nov 2012
L	Olyr	mpic and Paralympic games that leaves a lasting legacy		
5.5	Ens	ure carers and disabled people receive the right support		
	i.	Develop options to extend the right to request flexible working to all employees,	Autumn 2010	
L		working with the Department for Business, Innovation and Skills		
L	ii.	Extend the higher rate mobility component of Disability Living Allowance to people with	Apr 2011	
L		very severe sight impairments		
5.6	Refo	orm the gateway to Disability Living Allowance (DLA) ensuring fair access to		
	ben	efits		
	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	
N/III	EQT/			
		ONES Start trial of (Direkt to Control)	Dec 2010	
	<u>A</u> .	Start trial of 'Right to Control'	Dec 2010	
	В.	Extension of Disability Living Allowance Higher Rate Mobility Component	Apr 2011	

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

AC	ΓΙΟΝ	<u>S</u>	Start	End
6.1	Imp	rove the quality and reduce the cost of customer service delivery		
	_i	Move Jobseeker's Allowance and State Pension to online application as our preferred delivery channel	Jul 2010	Mar 2011
	_ii	Shift more of our major benefits to online application, supported by end to end processing	Nov 2011	
	iii.	Create a single national virtual telephony network	Jul 2010	Sep 2011
	iv.	Use LEAN to identify and remove waste in processes that add no value	Jul 2010	· · · · · · · · · · · · · · · · · · ·
6.2	Con	tinue to deliver priority programmes		
	i.	Take forward the programme to migrate existing recipients of Incapacity Benefit onto	Oct 2010	Mar 2014
		Jobseeker's Allowance and the Employment and Support Allowance as appropriate		
6.3	Deli	ver major policy changes		
	i.	Develop policy for implementing the Work Programme	Jul 2010	Spring 2011
	ii.	Complete the implementation of State Pension reforms	Jul 2010	Apr 2012
6.4	Furt	ther reduce fraud and error in the benefits system to a maximum of 1.8% of	Jul 2010	Mar 2011
	exp	enditure		
<u>MIL</u>	ESTO	DNES		
	Α.	Jobseeker's Allowance online launched nationwide	Oct 2010	
	В.	State Pension online launched nationwide	Mar 2011	
	C.	New single telephony network completed in Jobcentre Plus	Sep 2011	
	D.	Complete migration of IB recipients	Mar 2014	