Department for Work and Pensions Simplification Plan 2007-08

DWP Department for Work and Pensions

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Introduction

Background

1. The Department for Work and Pensions aims to:

   - contribute towards fair, safe and fulfilling lives that are free from poverty;
   - reduce welfare dependency and increase economic competitiveness; and
   - provide greater choice, personalisation and quality of service.

2. Employers are central to our objectives – at the simplest level by providing jobs and pensions. In practice there are a number of different interactions with the Department – as bodies the Department regulates, as partners through suppliers of services, and also as organisations that we need to influence to achieve our policy objectives. The Department, as with all of government, should ensure that all of the burdens we place on business are kept to the minimum necessary for us to achieve our objectives and that we strike the right balance between self and statutory regulation.

3. The Department is fast achieving our target of a 25% reduction in the administrative burden of regulation on business. We plan to exceed the target, demonstrating a real commitment to better regulation as part of the culture of how we develop policy.

4. The Department is also reducing burdens that we place on the Third Sector, our customers and on our own front line. A lifting of the load placed in these areas will release vital resources for the objectives of getting people into work, paying benefits and supporting our customers as well as providing a better experience for our customers and those that provide services for us.

Administrative Burdens on Business

5. In 2005, along with other government departments, the Department publicly committed to reducing the administrative burdens placed on business by 25% or saving business £118 million per year by 2010.

6. By 2006, the Department was delivering administrative burden reductions of £53 million, nearly half of the target set. This was achieved through changes to pensions, housing benefit and social security regulations. Full details can be found in our 2006 plan.[1]

[1] http://dwp.gov.uk/aboutus/better_regulation/

7. This year, we are pleased to announce that, through further changes to pensions regulation[2], we have implemented measures that have provided further reductions totalling £65 million per year, bringing the cumulative total of savings to £118 million per year since June 2005.

8. Since that date the Department has also introduced new regulations which have placed an additional administrative burden of £51 million. This means that, to meet our target, the Department needs to identify further net savings of £51 million per year before 2010.

9. Over the past 12 months, a number of thorough reviews of several of the Department's most burdensome regulations have been conducted. We have consulted stakeholders on possible simplification relating to Statutory Sick Pay, Private Pensions and Employers' Liability Compulsory Insurance regulations.

10. Following on from the consultation on Employers' Liability Compulsory Insurance, we are working with stakeholders to identify proposals to reduce the administrative burdens we place on business to display and retain insurance certificates. Employers' Liability Compulsory Insurance will remain compulsory for every employer in business in Great Britain. We expect to reduce unnecessary paperwork and save up to £58 million per year whilst maintaining the same level of protection.

11. Following from the review of Statutory Sick Pay, the Department has accepted its recommendations to reduce record-keeping requirements related to future benefit claims and to remove the rule requiring different employers to link sickness spells. These changes will result in a reduction in administrative burden of about £2.5 and £1.5 million per year respectively. Subject to Parliamentary approval these changes will be introduced in October 2008.

12. Following the Deregulatory Review of Private Pensions, we have identified measures relating to disclosure of information on personal and occupational pensions, which may generate significant administrative burden reductions.

13. Implementing these measures would deliver our target well in advance of the expected date, amongst the first of the Government Departments to do so. This will not stop the work on Better Regulation – we will continue to concentrate on how we can go further, continue to review our measures to ensure that any new burdens we place on business are proportionate and seek any appropriate balancing reductions.

[2] see Table 1

Policy Burdens on Business

14. Whilst our target reflects administrative burdens on business, the Department is also committed to reducing policy burdens to the minimum necessary to achieve our social policy aims. Over the last 12 months for instance, we have consulted stakeholders extensively as we seek to design a low cost system of a personal accounts retirement savings scheme that will significantly increase the proportion of people making adequate provision for their retirement.

Reducing Burdens on Customers, Third Sector and our Front Line

15. As we look at the burden of our policy and regulation across our processes we will look further at the impact on customers, the third sector and our front line. The Department's Benefit Simplification Unit has been effective at providing an internal challenge function to ensure that efforts to remove complexity, for both staff and customers, are integrated in Departmental decision making.

16. The Benefit Simplification Unit has identified a range of simplifications to the benefit system that were announced in the 2007 Budget. For example, the removal of the need to obtain details of an individual's final pay have led to significant reductions in benefit claim processing times in Jobcentre Plus and removed the need for the Department to make some 1.7m enquiries to employers.

17. Going forward, the Unit will continue to identify areas where simplification can be achieved. The Unit casts its net widely for suggestions and particularly encourages ideas arising from our front line staff. The Unit has an intranet site which contains additional guidance for staff and an e-mail address for any suggestions for simplifying the benefits system. Over the last year, the site has received on average over 2000 visits a month.

18. The Department is also in the early stages of a major Change Programme that aims to improve the effectiveness of our policies, the efficiency of our operations and the level of customer service that we provide for the millions of people we interact with every year.

19. To support the Programme, the Department will look for every opportunity to simplify benefits rules, processes and communications. Over the previous 12 months we have started to engage in "continuous improvement using Lean techniques". This approach, in which customers, and the knowledge and insights of our staff, are the focus of service improvement, is being used to streamline processes across the Department.

20. We also plan to examine the possibility of developing an objective measure of the burdens we place on customers when they apply for a benefit. This exercise will provide opportunities for improving the

customer experience from a customer perspective and, further, will provide a benchmark for evaluating how successful we are in the future at reducing burdens on customers claiming benefits.

21. The Department is also looking to reduce the burden placed on the private sector and Third Sector when they bid for our contracts. Over the coming months, the Department will be working to identify the barriers to the Third Sector and highlight areas for reform, whilst ensuring compliance with UK and EU procurement rules.

22. The plan has been published on the Better Regulation page of the Department's website[3]. Any suggestions for further simplification would be gratefully received and should be submitted through the Better Regulation Website at http://www.betterregulation.gov.uk/ . The site allows you to track your suggestion and you will receive a response within 90 days.

[3] DWP website – Better Regulation http://dwp.gov.uk/aboutus/better_regulation/

Chapter 1: Progress against the Administrative Burdens target

1.1 Context

23. The Administrative Burdens Measurement Exercise carried out by the Department estimated the administrative burdens placed on businesses, charities and the voluntary sector. It gave the Department a clear sense of the levels we impose and the challenge we face to hit the reduction target. Whilst the nature of our work means the level of burdens will not be comparable in magnitude to some government departments who have heavy regulating roles, it is no less important that we take this issue seriously.

24. Nor does the level of burden detract from the challenge in ensuring that we are proceeding in a proportionate manner – it is important that we maintain vital regulation that protects citizens, but we must take a risk based approach.

25. From the measurement exercise, the administrative burden on business was calculated at approximately £471 million per year as at 31 May 2005[4].

1.2 Target

26. Our target for reducing the administrative burden is £118 million. This figure is constantly under review to ensure that we are fully accounting for any new burdens and ensuring that our overall challenge is based on a net 25% reduction

27. Last year, the Department achieved reductions totalling £53 million. This year we have achieved further reductions of £65 million, but have introduced new admin burdens of £51 million. Against our target of £118 million, this leaves further reductions of £51 million to identify in order to meet the 25% target by 2010. We are confident that the Department will achieve and exceed the target ahead of time.

1.3 Delivery so far

28. After the successes of the 2006-07 plan in pursuit of the 25% target, this year has seen the department strengthen efforts to simplify the remaining high-burden regulations identified by the Administrative Burdens Measurement Exercise. In every one of the remaining seven most burdensome areas, we have made progress on reducing the

[4] Administrative costs were estimated at £591 million a year, £120 million of which was deemed to be 'Business As Usual'.

administrative burdens the Department imposes[5].

29. Between 1 June 2006 to 31 May 2007, the Department has, within the context of the Administrative Burdens Measurement Exercise, identified further reductions of £65 million per year.

Table 1: Reductions in Administrative Burdens to December 2007

Regulation	Reduction (£m)
Personal Pension Schemes (Payments by Employers) Regulations 2000	24
Occupational Pension Schemes (Member-nominated Trustees and Directors) Regulations 1996	16
Housing Benefit (General) Regulations 1987	11
Social Security (Recovery of Benefits) Act 1997	1
Pensions Act 2004 – The Pension Regulator	1
Total for 2006	**£53**

Regulation	Reduction (£m)
The Occupational Pension Schemes (Minimum Funding Requirement and Actuarial Valuations) Regulations 1996	40
Sections 56 – 61 of the Pensions Act 1995 - Minimum Funding Requirement	24
Parts of Section 111a of the Pensions Schemes Act 1993	1
Total for 2007	**£65**

Total towards administrative burdens reduction target as at December 2007	**£118**

30. As shown in Table 1, the major administrative burden reductions identified this year, as measured by the Administrative Burdens Measurement Exercise, relate to the replacement of the Minimum Funding Requirement for private sector defined benefit schemes with new scheme funding requirements from 30 December 2005.

31. The Minimum Funding Requirement legislation was contained in sections 56-61 of the Pensions Act 1995 and The Occupational Pension Schemes (Minimum Funding Requirement and Actuarial Valuations) Regulations 1996. The Administrative Burdens Measurement Exercise identified the burden relating to this legislation combined, at £64 million per year.

1.4 New burdens introduced since 1 June 2005

32. When new regulations are necessary, the Department seeks to ensure they are introduced with the minimum burden on businesses.

[5] See: Department for Work and Pensions - Simplification Plan 2006-07, page 14.

33. In the 2006-07 plan, it was noted that the Department has and would continue to scrutinise any necessary regulation introduced since 1 June 2005 to identify any new information obligations or data requirements that have placed an administrative burden on businesses.

34. As a result of this process, 15 pieces of new regulation have been identified as placing administrative burdens on business, amounting to an estimated administrative burden of £51 million per annum.

35. Two new pieces of regulation represent the largest proportion of the new burden imposed and in fact, are partial replacements for regulations revoked previously - The Occupational Pension Schemes (Administration and Audited Accounts) (Amendment) Regulations 2005 and The Occupational Pension Schemes (Scheme Funding) Regulations 2005.

36. The Occupational Pension Schemes (Administration and Audited Accounts) (Amendment) Regulations 2005, placed administrative burdens measured at approximately £16 million per year and the Occupational Pension Schemes (Scheme Funding) Regulations 2005, prescribed under Part 3 of the Pensions Act 2004, introduced administrative burdens measured at approximately £28 million per year.

Table 2: New burdens introduced since 1 June 2005

Regulation	New Burdens (£m)
The Occupational Pension Schemes (Scheme Funding) Regulations 2005	28
The Occupational Pension Schemes (Administration and Audited Accounts) (Amendment) Regulations 2005	16
The Occupational Pension Schemes (Consultation by Employers and Miscellaneous Amendment) Regulations 2006	4
The Occupational Pension Schemes (Early Leavers) Regulations 2006	1
The Occupational and Personal Pension Schemes (Miscellaneous Amendment) Regulations 2006	1
Total of other regulations placing negligible burden	1
Total	**£51**

1.5 Further simplification

37. In pursuit of the 25% target, efforts have been made to deliver administrative burden reductions in key areas highlighted for review in the 2006-07 plan – including those relating to the Employers' Liability (Compulsory Insurance) Regulations 1998 and Statutory Sick Pay. Although we are not able to include full details of the further proposed simplifications in this plan, the review process is nearing conclusion, with significant reductions forecast.

38. ***Review of Employers' Liability (Compulsory Insurance) Regulations 1998.*** The Department consulted key stakeholders to identify a solution that would reduce the £71 million administrative burden imposed by the current regulations, whilst maintaining protection for employees. The recommendations were that:

- the Department amends Regulation 5 (display of certificates) to give businesses freedom to display certificates in a way which best suited their staff and their structure (e.g. electronically). It is expected that this amendment could generate **administrative burden reductions in the region of £17-21 million** per year; and

> *"The requirement to display an Employers' Liability certificate at each of our premises is an enormous burden on BT, and probably many other large corporates, because of the number of premises. Some premises are visited only infrequently. Most employees would probably look for it on the intranet where it is freely available."*
>
> Adrian Rendell
> Risk Consultant BT

- the Department repeals Regulation 4 (retention of certificates). The liability for claims under such policies remains long after the policy period has expired. It is therefore in the interest of businesses to record policy details to protect against liability for claims for long-tail diseases. The repeal of this regulation would **reduce the administrative burdens imposed by the regulation by £37 million** per year.

39. The Department will continue to discuss these proposals with stakeholders over the coming months, and will report on our progress in early 2008.

> The predicted administrative burden reductions from Regulation 5 are an estimate of the cost savings to businesses with a number of sites, through providing access for staff to the Employers' Liability Insurance certificate through the company intranet site. Large businesses have identified posting at least one copy at each site as placing a considerable burden on them. We recognise that increasing numbers of employees access information this way and this will increase access to those who work on company networks remotely. In addition all businesses will benefit from the removal of the requirement to protect the certificate from damage.
>
> The repeal of Regulation 4 removes the administrative burden relating to the regulation. Businesses that are still trading will continue to keep these records as the liability for long-tail diseases continues even when the policy has expired.

40. ***Statutory Sick Pay*** – the Department has recently concluded a thorough review of Statutory Sick Pay. The review was conducted by employer and employee representatives and government

departments and looked into the degree and nature of the challenges Statutory Sick Pay causes for employers and the protection it provides for employees.

41. The group concluded that reform of Statutory Sick Pay is less critical to employers and employees than effective attendance management. As a result, the group recommended that the Government should concentrate on helping employers to manage attendance more effectively, supporting this with modernisation of medical certification arrangements and facilitating vocational rehabilitation. However, since Statutory Sick Pay is an important enabler to help address these matters, especially for smaller firms, the group also identified measures to reduce record keeping and information requirements related to future claims to state benefits.

42. This reduction is made possible by the introduction of Employment and Support Allowance to replace Incapacity Benefit in October 2008. The rate of the Employment and Support Allowance will not depend on the length of sickness, so some information currently supplied by employers will no longer be necessary.

43. In addition, examination of the application of the rules which require different employers to link spells of sickness together to calculate the maximum period of entitlement to Statutory Sick Pay suggests that they are little used. The review group recommended that this provision is removed.

44. Ministers have accepted the recommendations of the group. As a result, the changes will result in **a reduction in administrative burdens of approximately £2.5 million and £1.5m** per year respectively**.** Subject to Parliamentary approval these changes will be introduced in October 2008, to coincide with the introduction of Employment and Support Allowance.

This change will simplify and remove the Statutory Sick Pay administrative burdens on employers by removing the requirements placed on employers to:

- provide information to the Department about the first day of an employee's sickness and about the period for which Statutory Sick Pay payments have been made for benefit purposes;
- provide a statement requested by an employee detailing any Statutory Sick Pay paid prior to employment ending; and
- to count any periods of entitlement to Statutory Sick Pay with a previous employer to calculate an employee's maximum entitlement.

45. The Department has also been working jointly with Her Majesty's Revenue and Customs and the Department for Business, Enterprise and Regulatory Reform to assess the feasibility of further reducing

the requirements for employers to maintain records and furnish information relating to Statutory Sick Pay.

46. This involves looking at the requirements to keep Statutory Sick Pay records for each period of incapacity, including their purpose of providing protections for employees as well as wider compliance issues. We will report on progress and on any identified reductions in the £44m administrative burden leading from Statutory Sick Pay regulations in next year's simplification plan.

47. ***Review of Private Pensions***. In December 2006, the Government announced the appointment of two external reviewers, Ed Sweeney (at that time joint Deputy General Secretary of Amicus) and Chris Lewin (formerly Head of UK Pensions at Unilever) to review the framework of regulation for private pensions.

48. The reviewers published a consultation paper in March 2007 which set out the issues which had been raised during meetings with stakeholders and sought the views of readers on a variety of areas. The reviewers published their final report on 25 July 2007. The key recommendations for changes to the current legislation, targetting both policy costs and administrative burdens were:

- changes which might make it easier for employers to get back surplus funds in their own pension schemes;
- a move towards less detailed and prescriptive principles-based legislation, starting with simpler rules on what schemes must tell members;
- changes to the circumstances in which an employer leaving a multi-employer scheme has to make a payment to the scheme;
- making it easier for schemes to change their own rules to take advantage of changes to legislation; and
- concentrating the requirement for trustee expertise at board level rather than on individual trustees.

49. The Government's response to the review was published on 22 October and, after a period of consultation, final decisions were announced on 5 December. The Government has included provision in the Pensions Bill, introduced on 5 December, to reduce the cap on the revaluation of deferred pensions from 5% to 2.5%, potentially opening up savings, on average, of around £250-400 million per year in the long term for employers. The Bill also includes provisions to simplify pension sharing on divorce arrangements by abolishing "safeguarded rights". The Government will take forward work, through secondary legislation, on a statutory override to help schemes with inflexible rules to take advantage of this change and an

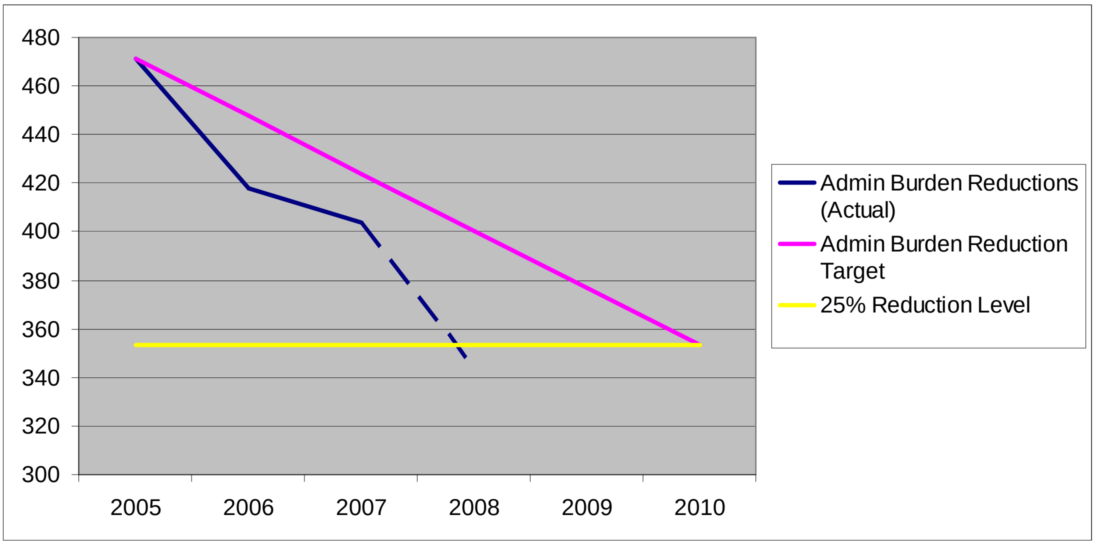
earlier reduction of the cap on limited price indexation. It has also agreed to undertake further work with stakeholders on policy areas like surplus, employer debt and risk-sharing schemes.

50. The Government also accepted the reviewers' recommendation on a move to principles-based legislation and will explore how the existing disclosure regulations could be replaced with a set of lighter touch principles. We are investigating the scope for using a Legislative Reform Order to make the necessary changes to primary legislation to enable this approach. We will report on progress and on any identified reductions in the £56m administrative burden leading from Private Pensions regulation in next year's simplification plan.

Table 3: Summary of Progress on Administrative Burden Reduction Target

Milestones	Net Reduction (£m)
DWP administrative burden baseline	471
Admin burden reduction target of 25%	**118**
Savings delivered from simplification plan 2006	53
Savings delivered from simplification plan 2007	14
Savings identified from simplification plan 2007	62
Projected net administrative burdens savings by 2008	**129 (27%)**

Table 4: Administrative Burden Reduction Trajectory



51. The graph above shows the Department's progress so far against the administrative burdens reduction target. The pink line shows a steady reduction towards the 25% reduction level and the blue line illustrates actual trajectory so far and projected to the end of 2008.

Chapter 2: Service Transformation – Developing a Culture of Simplification

2.1 A culture of simplification

52. To continue to deliver visible simplifications to businesses, the public sector and the third sector, the Department is embarking on an ambitious programme of modernisation – changing the way services are provided by embedding a culture of simplification in all we do. This transformation is being delivered via the Department's Change Programme.

53. The Change Programme embodies the Department's service transformation response to the recommendations of the December 2006 report by Sir David Varney.[6]

2.2 The Change Programme

54. The strategic vision for the Department, "Work, welfare, well-being, well delivered" is being implemented by the Change Programme. In practice this means redesigning our services so that they are;

  - structured to meet customers' needs in the round rather than in silos of product or specific businesses;
  - organised so that customers need to provide less information, less often wherever possible and;
  - more accessible across a range of appropriate channels

55. As a result of these changes, customers (including employers) will receive a more easily understandable, responsive and simple service.

56. A key principle of the change programme is to ensure all stages of the design process, from policy through to implementation, are driven by using customer insight. This means that any future change should be constructed with a clear understanding of the impact on, and benefit to, the customer.

57. To support the overall objectives of the programme, the Department now has a specific objective to make it an "Exemplar of effective service delivery" which is about ensuring that we are changing to better meet customer needs while delivering efficiently. Measurement of progress against that objective will be customer focused and will

[6] www.hm-treasury.gov.uk/pre_budget_report/prebud_pbr06/other_docs/prebud_pbr06_varney.cfm

build an understanding of, and improved response to, the quality of customer service including the ease with which customers can access their needs.

2.3 Continuous improvement using Lean techniques

58. The Change Programme is responsible for leading the introduction of continuous improvement using Lean techniques across DWP to ensure that:

- we deliver the very highest standards of customer service;
- we continue to develop the capability of our staff; and
- we live within our means.

59. Two key features define the ‘Lean approach’:

- solutions are not imposed from the top down – the way we design and deliver services is developed collaboratively, using customer feedback and staff expertise, and improvements are tested by delivery staff to ensure that what has been suggested is deliverable and works; and

- Lean seeks to actively eliminate waste from everything we do. Waste is anything that does not add vaue to the service the customer experiences.

60. To better understand how to introduce Lean into the Department, we supported three pathfinders between December 2006 and June 2007:

- the delivery of Carers Allowance in Preston;

- the experience of Jobseekers Allowance customers making a new or repeat claim in Newcastle; and

- the experience of Incapacity Benefit customers who go on to claim Disability Living Allowance in Leeds.

61. Our Pathfinder experience suggests that:

- we can generate real and measurable customer service improvements through reduced processing times, reductions in customer contacts and streamlined evidence requirements; and

- delivery staff are empowered and motivated by the new ways of working and managers respond well working alongside staff to maintain performance.

62. The Department is encouraged by the success of Lean so far and has commissioned a further seven Lean initiatives. We hope to announce details and findings in future plans.

Chapter 3: Savings to the Public Sector

3.1 Simplification and our staff

63. The Department recognises that the benefits system is complex for our customers to navigate. Our staff also face a large number of rules, applications and special cases to interpret. Understanding these rules and processing benefit claims can be time consuming for staff if they are to avoid errors for our customers. The Department also recognises that front-line staff are the best placed to recommend proposals for simplification.

64. In the past year, the Department's Benefit Simplification Unit has published a revised guide to simplification best practice with updated guidance for policy-making staff. The Unit has also developed a dedicated internal intranet site, which contains additional guidance and help for staff and has an e-mail address for staff to forward any suggestions they might have for simplifying the benefits system and associated processes. Over the last year, the site has received on average over 2000 hits a month. Suggestions received by the Benefit Simplification Unit from staff contributed significantly to the changes announced in the Budget.

3.2 Rationalising and reforming rules

65. Rationalising the rules staff must interpret when calculating benefit entitlement is one way in which the Department can help our employees to work more efficiently.

66. The 2007 Budget announced a package of simplifications to benefit rules that are now producing tangible results. Some of these measures are documented in Annex A.

3.3 Reviews

67. A number of specific benefits and processes have seen thorough reviews over the past year, reducing and simplifying procedures.

68. ***Reform of the child maintenance system.*** The measures in the Child Maintenance and Other Payments Bill propose a more client-focused child maintenance system and establish a new body, the Child Maintenance and Enforcement Commission (C-MEC), to replace the Child Support Agency. Subject to Parliamentary approval, the proposed key better regulation changes that will underpin the new system are to:

- end the requirement that parents with care claiming benefit be treated as applying for child maintenance. This means C-MEC can focus its efforts on providing a better service to the smaller number of parents who find that arranging maintenance independently is not a realistic option;

- increasing significantly the maintenance disregard in income-related benefits.[7] This measure will reduce the burden on staff caused by complex rules; and

- simplify how maintenance is assessed so that a faster and more efficient process can take place. Using gross income data from Her Majesty's Revenue and Customs will reduce the opportunity for the non-resident parent to delay the maintenance process and lessens the need for staff to contact employers for information.

69. ***Pensions Act 2007***. This introduced a number of measures which will simplify the State Pension and make it easier for customers to understand future entitlement. These changes will also improve the coverage of the basic State Pension so that in the longer term as people build up better pensions in their own right fewer will be reliant on means tested benefits in retirement. The following changes to the basic State Pension take effect from 2010:

- replacing the qualifying rules for the basic State Pensions with a single qualifying condition to receive a full basic State Pension. The current qualifying years are 39 for a woman and 44 for a man with all having at least one year of paid contributions and contributions equal to a quarter of your working life before you can receive any pension at all. The new condition requires 30 qualifying years of either paid or credited National Insurance Contributions.

- abolition of Home Responsibilities Protection, which reduced the number of years in a working life for each year that a person was receiving Child Benefit for looking after a child under 16 or caring for a disabled person. We will replace these with weekly credits which are a more positive way of crediting people and can be combined with paid contributions or other credits in order to register a qualifying year.

70. We have also taken the opportunity to remove a number of other rules which are now outdated and which complicate the system for both customers and staff:

[7] This measure does not form part of the Child Maintenance and Other Payments Bill: the matter is dealt with by secondary legislation under existing Social Security Acts.

- we have introduced better alignment between credits for the Basic State Pension and State Second Pension this means that a parent in receipt of Child Benefit can receive credits for both until the child is 12. At the moment credits for Basic State Pension are awarded until the child is 16 but State Second Pension credits are only for children under 6; and

- from 2012, everyone who is not contracted out of State Second Pension will receive a flat rate on their pension for every year that they work or care. The earnings related component of the State Second Pension will be withdrawn over an extended period and will disappear around 2030.

71. ***Development of IT systems to better administer Housing Benefit.*** The Department's overarching IT strategy aims to support an integrated, secure service that meets the needs of customers.

72. The Department has introduced new legislation enabling local authorities to accept electronic claims to Housing and Council Tax Benefit. From these new measures, implemented in November 2006, we hope to see improved access for all staff to benefit information the Department holds whilst maintaining the security of data.

73. Analysis of the impact of these new systems is still underway. We hope to announce further details in 2008-09 plan. Early indications suggest the following savings are likely:

- Housing and Council Tax Benefit processing times reduced on average by one day;

- Local Authorities receiving data quicker. The reduction in delays brought about by these efficiencies are estimated to save around **£1.4 million annually in associated over and under payments** and a reduction in associated corrections for staff;

- identifying over and under payments more efficiently could save approximately **£4.4m annually**; and

- greater accuracy in current benefit information supplied to local authorities has facilitated **reductions in error totalling approximately £4.5m**.

3.4 Data stream reductions

74. In June 2007, the Government published a strategy for 'Cutting Bureaucracy for our Public Services'[8]. One of the key strands of the strategy is to deliver a net reduction in the number of data requests made by central government to the frontline.

75. Reducing burdens for the public sector is vital to the success of the Government's wider commitments on reducing the amount of control it exercises over the public sector frontline's day-to-day business.

76. The Department has identified 22 different data returns that it requests from local authorities. These data returns range from management information returns which allow the Department to monitor the performance of local authorities and help inform policy making to financial returns that allow the Department to reimburse local authorities for administering Housing Benefit and Council Tax Benefit on its behalf.

77. Along with other Government departments we have agreed to reduce the burden of datastreams that we require local authorities to provide by 30 per cent by 31 May 2010. We are committed to reducing the data burdens on local authorities and will report on progress towards the target in our 2008 Plan.

[8] Available at: http://www.cabinetoffice.gov.uk/regulation/documents/public_sector/strategy.pdf

Chapter 4: Savings to the Third Sector

4.1 Savings around Procurement

78. The Department has made progress on our commitment to reduce the burdens experienced by the Third Sector when they bid for Departmental contracts. Changes within Departmental procedures resulted in fewer but larger service delivery contracts for which Third Sector organisations found it difficult to bid successfully.

79. Submitting full-scale bids directly to the Department is time-consuming for our Third Sector partners. However, the Department's contracting processes must be thorough in order to comply with European Union and Government procurement rules. Part of this involves the need to demonstrate that the principles of fair and open competition are scrupulously observed.

80. The Department has made it easier for the third sector to engage with us, by introducing a two-stage procurement process, thus saving time and cost for bidders who do not get beyond the pre-qualification stage.

81. In the Provider Forums, attended by organisations involved in service delivery, some Third Sector organisations have indicated that they find it considerably less complex, and thus less expensive, to negotiate with prime contractors for a share of available work. There may be lessons here for the Department in our approach to developing contracting arrangements in future.

82. The Department will be intensifying efforts to achieve a still greater third sector involvement in future welfare to work provision. This will form an important part of the work the Department is doing over the coming months to introduce more flexible contracting arrangements

83. The Department has introduced a risk-based performance management system, whereby good performers are monitored with a lighter touch through, for example, fewer visits and management by exception.

84. Where previously some of the Department's major contracts were awarded on the basis of fixed prices, all future contracts will be awarded on the basis of the best combination of price and quality. This move to market pricing will provide an impetus for bidders to look critically at their costs and submit competitive but realistic bids. For the Third Sector, this should help them to submit bids designed to achieve full cost recovery or better. This strategy will feature strongly within the more flexible contracting arrangements.

85. We have a work programme in place to measure the burdens imposed on Third Sector organisations. The Department is working with New Philanthropy Capital, a charity that advises donors and funders on how to ensure their money has high impact. The aim is to provide case study evidence of the burden from monitoring and reporting requirements experienced by the Third Sector when engaging with the Department's contracts. New Philanthropy Capital will identify representative Third Sector organisations with whom a suitable measurement approach can be developed. This work has started and will report back in 2008 - with suggestions for ways of reducing these burdens, which could be reflected in the Department's 2008 Simplification Plan.

Chapter 5: Doing more - The Department's wider Better Regulation work

5.1 Reducing the burdens on our customers

86. As part of the Department's commitment to a culture of simplification, we are always seeking to do more to improve the experiences of those we interact with.

87. The Department is a relatively light regulator of the private sector. We do, however, have some level of contact with almost every citizen in the country at some point in their lives. It is only right, therefore, that we should place high importance on reducing the burdens we impose on our customers.

88. In addition to those measures that have a subsidiary impact on our customers such as those targeted at staff, noted in Chapter 3, the Department is taking forward a number of work streams that focus specifically on what can be done to reduce burdens on the customer and improve the customer experience more generally.

89. ***Complexity study.*** The Department has given a commitment to investigate whether it is possible to produce a measure of benefit complexity. The Benefit Simplification Unit has been working with the Department's analysts to establish if a measure can be developed that could be used over a period of time to assess progress towards benefit simplification. Findings to date, however, have confirmed that there is no single metric that could act as a suitable measure of complexity.

90. The Department is taking steps to understand the drivers of complexity, what effect complexity has on our customers' experience and how any burdens might be addressed. As noted by the Work and Pensions Select Committee, the current benefits system is extremely complex. The Department wants to understand how complexity is and has been generated in the benefits system, from the customer perspective. A better understanding of complexity will contribute to our ability to tackle it.

91. The Benefit Simplification Unit has been taking this work forward and is currently assessing the scope for a measure of complexity to be developed. The Benefit Simplification Unit is due to respond to the Select Committee's report by the end of the year[9].

92. ***Burdens on the citizen.*** The Department is interested in assessing the feasibility of an administrative burdens measurement exercise

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[9] House of Commons Work and Pensions Committee Benefits Simplification report – available at: http://www.publications.parliament.uk/pa/cm200607/cmselect/cmworpen/463/463i.pdf

similar to that carried out for businesses, but for citizens. Early work suggests that this is extremely difficult.

93. This work is complementary to the complexity study, as each attempts to achieve a better understanding of how burden occurs with the aim of more efficiently directing simplification efforts to deliver real savings for our customers.

94. Current work focuses on the application process for Jobseekers Allowance. By analysing the investment of time customers report at each stage of the process, we hope to uncover opportunities for simplification. This work is currently in the very early stages and restricted to Jobseekers Allowance only. We hope to report the findings of this project in the 2008-09 Plan.

95. ***Customer Insight****.* Customer Insight will enable the Department to design and deliver services that are relentlessly customer-focused and are effective in meeting the needs of our diverse customer base. Our overarching aim is to establish a Departmental Customer Insight ‘Centre of Excellence’ that will ensure that the ‘whole customer’ perspective is available to inform decision making across the Department, based on reliable and robust evidence and understanding of customers’ characteristics and their needs, perceptions and attitudes.

96. The Customer Insight team engage with frontline and operational staff, as well as key stakeholders, such as intermediaries, suppliers and partner organisations. By pulling together this experience and expertise, we will draw a complete picture of our customers using information based on customers’ experiences, behaviour and feelings.

97. The Department’s Customer Insight unit has three objectives:

- to generate knowledge and understanding of and with our customers in order to gain deeper appreciation of their needs and ensure that this is fed into the design, development and delivery of services, operations and communications;

- to challenge and influence the Department’s attitudes and behaviours through working with others to promote a culture that values Insight and its wide reaching contribution; and

- to forge partnerships across the Department in order to understand our customers , their needs and what we can do to help ensure our services fit usefully into their lives.

98. ***My DWP.*** *My DWP* will deliver the Department’s first secure Online Customer Account, which will be accessed through the *Directgov* website. The first release will commence in Spring 2008 and will

focus on enquiries from citizens and their trusted representatives, which in the first instance will be Citizens Advice Bureaux. The account will have additional services added as the Department's Change Programme progresses.

99. The Department is working directly with customers to ensure we create a service that uses language and layout that works well for them. The design of the new services will ensure that, when a customer accesses the site, they are guided through a journey that ensures they receive advice and information appropriate to their needs.

100. ***The Disability and Carers Service intermediaries' helpline.*** The helpline provides third party representatives (such as social workers) with a faster office-hours service. The standard of service and information they receive is exactly the same as that received by Disability and Carers Service customers on the public helpline. The line was established in response to third party representatives not being able to get through to an operator due to congestion during office hours on the general helpline. Feedback on this service has been very positive.

5.2 Working with other government departments

101. ***Her Majesty's Revenue and Customs and Local Authorities.*** Many of the Department's customers and the employers they interact with, are also customers of other government departments. This is particularly true of benefit claimants, who are likely to be customers of Her Majesty's Revenue and Customs who administer Working Tax Credits, for instance as well as their Local Authorities.

102. The Department has a strong interest in developing closer working with such organisations in order to simplify the processes customers experience.

103. A trial in North Tyneside to improve the way that the Department, Her Majesty's Revenue and Customs and local authorities manage their customers will now be extended to a further six local authorities.

104. The objective of the trial was to consider whether, through joint working, significant customer benefits could be delivered to customers moving in and out of work. Active preparations for the trial started in August 2006; the trial began in October 2006 and ended in February 2007.

105. More generally, a joint steering group, chaired by the Permanent Secretaries of both Her Majesty's Revenue and Customs and DWP, is overseeing a major programme of joint working. Amongst the areas where work is underway are:

- **fraud -** new processes and procedures which will allow future joint operations to be more cohesive, make optimum use of shared resources and make best use of the legal powers of the two Departments are being explored;

- **joint Debt Recovery**- work has started to look at people who owe money to both Her Majesty's Revenue and Customs and the Department for Work and Pensions, and consideration is being given to where joint working would be most effective to recover the debt;

- **contact centres**- working together to share best practice, common management support and consider federated options for sharing the workload. The first initiative to share work started in November 2007 when Jobcentre Plus Contact Centres will start to handle Tax Evasion calls on behalf of HMRC;

- **customer insight** - establishing a Customer Insight function that draws from best practice in both Departments focusing on the most customer centric experience;

- **face to face -** a pilot to house Her Majesty's Revenue and Customs Enquiry Centres in three Jobcentre Plus buildings began in September 2007.

106. The trial has been particularly successful in showing that practical ways can be found for the organisations involved in working age benefits, Housing Benefit and Tax Credits to work jointly together. Through this joint working, significant customer improvements have been achieved.

107. The extension of the trial to six Local Authorities commenced in September 2007 to fully test the pilot processes. Subject to a full evaluation in the early part of 2008, consideration will then be given to national rollout.

108. ***Review of Pensions Institutions - the Thornton Report.*** The 2006 Simplification Plan indicated that government intended to review the functions of the pensions institutions – including the Pensions Regulator, Pension Protection Fund, Pensions Ombudsman, the Pensions Regulator Tribunal, the Pensions Advisory Service, and the pensions aspects of the Financial Services Authority and the Financial Ombudsman Service, to examine whether the functions of those bodies were arranged in the most effective way.

109. The Thornton Report[10], published in June 2007, concluded that the institutional landscape was fit for purpose, and that the new Pensions Act 2004 bodies – the Pension Protection Fund and the Pensions Regulator - had moved both quickly and effectively to respond to their challenges. The report concluded that wholesale changes were unnecessary, but did identify some changes to the system to improve effectiveness and efficiency. The overwhelming weight of stakeholder opinion supported this view. The report recommended:

- introducing a package of measures to strengthen the close co-ordination between the Pensions Regulator and Pension Protection Fund and between the Pensions Regulator and Financial Services Authority; and
- merging the Pensions Ombudsman and the Financial Ombudsman Service to make the service more effective and resilient.

110. The Government welcomed the Thornton Review and announced that it intended to implement its recommendations. The Department is working closely with the relevant institutions and other interested parties to deliver the proposals ensuring that current and future pensioners may continue to rely on an effective institutional framework for pensions.

5.3 Working hard to minimise future burdens

111. The White Paper *Security in Retirement: towards a new pension system*[11] published in May 2006, set out the Government's proposals on pension reform, including the proposals to create a new low-cost personal accounts retirement savings scheme. *Personal accounts: a new way to save*[12] published in December 2006, and *Personal accounts: a new way to save – Summary of responses to the consultation* published in June 2007, set out in more detail proposals for how personal accounts might be delivered.

112. The responses to the White Paper highlighted the consensus behind the proposal to introduce the personal accounts reform. The overwhelming message across the spectrum of stakeholders is that they support both the need for reform and the Department's approach to its delivery.

113. Minimising burdens on employers and complementing rather than undermining the existing pensions market are guiding principles in

[10] *A review of Pensions Institutions: an independent report to the Department for Work and Pensions*, Paul Thornton, June 2007 (ISBN 978-1-84695-863-2) http://www.dwp.gov.uk/pensionsreform/pdfs/InstitutionalReviewFinalreport180507.pdf
[11] http://www.dwp.gov.uk/pensionsreform/whitepaper.asp
[12] http://www.dwp.gov.uk/pensionsreform/new_way.asp

the development of the proposed pension reforms. Ministers and officials have worked hard with stakeholders from the business community to achieve this through formal consultation and regular informal dialogue. Impact assessments are published at all stages of the implementation and can be found on the Department's website at:
www.dwp.gov.uk/pensionsreform/new_way_ria.asp .

Annex A

DELIVERED SIMPLIFICATION MEASURES - BUSINESSES				
Title	**Type of Burden**	**Description of measure and Outcome**	**Cost saving**	**Milestones/ Deadlines**
1.1 **Simplify process for claiming statutory sick pay and statutory maternity pay by removing upper and lower age limits**	Administrative	Employers will no longer need to make provision in their payroll system to exclude SSP if the employee is over 65. This will simplify the process of establishing whether SSP/SMP is due.	Negligible one-off costs for computer software changes Annual savings £4m	Implemented October 2006
1.2 **Simplify member-nominated trustee/director requirements**	Administrative	Stakeholders considered that member-nominated trustee requirements had very prescriptive processes and inflexible timetables which made it difficult for schemes to comply with the requirement. Government policy is for all occupational pension schemes (with limited exceptions) to have one third member- nominated trustees but how they achieve this is left to schemes to decide. The new requirements removed the prescriptive processes and timetables. They are simpler, cheaper and more flexible.	One-off costs £10m Annual savings £16m	Came into force April 2006
1.3 **Improve section 67 of the Pensions Act 1995 to allow changes to members' accrued pension rights in certain circumstances**	Administrative	Schemes found it difficult to design changes allowed under the original wording of section 67. Occupational Pension schemes can make changes to members' accrued pension rights where the affected member consents to the change. If the member does not consent the actuarial value of each member's rights at the point of change is maintained	One-off costs £10m Annual savings £3.5m	Came into force April 2006

DELIVERED SIMPLIFICATION MEASURES - BUSINESSES				
Title/initiative	**Type of Burden**	**Description of measure and Outcome**	**Cost saving**	**Milestones/ Deadlines**
1.4 **Improve pension regulations to allow bulk transfer of protected rights**	Administrative	Employers are now able to consolidate schemes which contain protected rights in the same way that they undertake other consolidation	One –off costs nil Annual savings £3m for 3 years	Came into force November 2005
1.5 **Improve pension regulations to allow Guaranteed Minimum Pension (GMP) conversion**	Administrative	GMPs ceased to accrue in 1997 but past rights still exist. The Pensions Act 2007 legislated for this with enabling regulations to follow in April 2009. The Act and regulations will allow schemes to convert GMP rights into scheme benefits offering the actuarial equivalent value in exchange. This would allow for easier administration and make it easier for a member to move their rights into another pension product if they wish.	One-off costs £11m Annual savings £6m	Amendment included in the Pensions Act 2007. Regulations to follow in April 2009
1.6 **Improve pension regulations to extend ways in which contracted-out rights can be taken as a lump sum**	Administrative	This measure extends the ways in which contracted-out rights can be taken as lump sums and allows them to be paid at the same age as other rights This simplifies administration of contracted out benefits and provides members of pension schemes with a greater degree of choice and flexibility when taking pensions derived from contracted-out rights. It means that contracted out rights and non contracted- out rights are treated in a more consistent way.	One-off costs £2m Annual savings £9m	Implemented April 2006

DELIVERED SIMPLIFICATION MEASURES - BUSINESSES				
Title/initiative	**Type of Burden**	**Description of measure and Outcome**	**Cost saving**	**Milestones/ Deadlines**
1.7 **Improve pension regulations to make payments by employers less prescriptive**	Administrative Burden	Amend legislation to make less prescriptive, the need for pension scheme trustees to make reports to the Pensions Regulator. Fewer reports are now filed resulting in benefits for both trustees and the Regulator.	Annual savings £24m	Implemented April 2006
1.8 **Improve pensions legislation to simplify internal disputes resolution**	Administrative	Amend legislation relating to private pension internal dispute resolution	Negligible	Amendments included in the Pensions Act 2007 and due to come into force in April 2008.
1.9 **The Pensions Regulator:** **Simplify Pension Scheme Returns**	Administrative Burden	The Pensions Regulator's scheme return ensures that the Regulator has up-to-date information and enables the accurate calculation of levies The scheme return is reviewed in line with regulation and changes in the industry The current version of the form is half the length of the original form. It can be completed on- line and after initial return it will be pre-populated so that only changes need be entered; Trustees can forward parts of the form to third parties (e.g. actuaries) for completion of certain sections while retaining overall control of the form.	One-off costs nil Annual savings £1m	Implemented May 2006

DELIVERED SIMPLIFICATION MEASURES - BUSINESSES				
Title/initiative	**Type of Burden**	**Description of Measure and Outcome**	**Cost saving**	**Milestones/ Deadlines**
1.10 **Improve clarity of regulations on deeming incapacity in the case of an infectious disease**	Administrative	Out-of-date terminology and references have been deleted to make the legislation clear. This updates arrangements for dealing with someone who is not incapable of work but who needs to be prevented from working because they have come into contact with an infectious disease. This makes it clearer for an employer to understand.	N/A – this clarifies	Implementation December 2006
1.11 **ICT Solution** **Compensation Recovery Unit (CRU) has created several e links with Insurers to remove high volume administrative tasks**	Administrative Burden	Major business processes are e enabled meaning that claim data can be extracted and sent to CRU Allows full end to end CRU process.	Annual savings £1.5m £1m to business £0.5m to public sector (Department of Health)	Completed Dec 2005
1.12 **Simplify and consolidate the Disability Discrimination Act's five sets of Service Providers Regulations**	Administrative	Simplifying legislation by consolidating 5 sets of regulations benefits legal practitioners.	One-off costs nil Small savings	Regulations progressively brought into force on 5 December 2005 and 4 December 2006

DELIVERED SIMPLIFICATION MEASURES - BUSINESSES				
Title/initiative	**Type of Burden**	**Description of Measure and Outcome**	**Cost saving**	**Milestones/ Deadlines**
1.13 **Remove regulation requiring landlords to provide information for backdating of housing benefit claims. Backdating provision has been replaced by a repayable loan.**	Administrative Burden	Landlords no longer required to provide information required by Schedule A1 para5 (2) of the Housing Benefit (General) Regulations 1987. Customers can now apply for a repayable loan.	One-off costs nil Annual savings £11m	Legislation repealed by the Asylum and Immigration (Treatment of Claimants etc) Act 2004 Implemented June 2007
1.14 **Simplify the national Jobcentre Plus Accreditation System**	Administrative	Organisations now undergo the accreditation process only once for procurement – and only if they are selected as preferred bidders.	One-off costs £133k Annual savings £200k	Implemented from August 2005
1.15 **Simplify the bidding process for contracting with Jobcentre Plus**	Administrative	Jobcentre Plus is moving towards fewer, larger contracts and will require the larger providers to enter into direct contracts with smaller organisations on a normal commercial basis with certain safeguards. This approach will alleviate the burden and risk for smaller providers by removing the requirement for them to submit bids and manage provision in their own right.	One-off costs nil Savings in 2005/06 £4m	Implemented August 2005
1.16 **Disregard all compensation payments in the final pay packet on new claims to benefit.**	Administrative	This measure will ease the burden on business by removing the need for businesses to supply the Department with information on final payments to employees. This is expected to mean 1.7m fewer information requests made by DWP.	Annual savings £4m	Took effect from 1st October 2007

DELIVERED SIMPLIFICATION MEASURES - BUSINESSES				
Title/initiative	**Type of Burden**	**Description of Measure and Outcome**	**Cost saving**	**Milestones/ Deadlines**
1.17 **Replace minimum funding requirement legislation**	Administrative burden	The Minimum Funding Requirement regulations required pension scheme trustees to obtain an actuarial valuation and a Minimum Funding Requirement valuation. The new regulations removed the requirement to obtain a Minimum Funding Requirement valuation.	Annual reduction £64m	December 2005
1.18 **Simplifies payments by employers requirements**	Administrative burden	Removal of prescriptive legislation Principle-based approach allows trustees/managers to determine how to monitor payments	Annual savings £1m	April 2006

DELIVERED SIMPLIFICATION MEASURES – DEPARTMENT'S CUSTOMERS				
Title/initiative	**Type of Burden**	**Description of Measure and Outcome**	**Cost saving**	**Milestones/ Deadlines**
2.1 **Simplify the claims process for Carer's Allowance**	This is a simplification measure for our customers.	This provision removes the need for carers to make two claims to Carer's Allowance; once prior to the award of any qualifying benefit in order to preserve their backdating and then again once the qualifying benefit is awarded. The provision means that CA claims received within 3 months of the date of the Qualifying benefit award can be backdated to the start of the Qualifying benefit award providing all entitlement conditions have been met throughout that period.	N/A	Implemented April 2006
2.2 **Simplify the claims process for pensioners where Pension Credit and Housing Benefit and Council Tax Benefit are claimed**	This is a simplification measure for our customers.	The claims process has been combined and the 26 page Housing Benefit/Council Tax Benefit (HB/CTB) claim form has been replaced with a three page claim form completed over the telephone. Improved customer service removing the need for the customer to provide the same information twice to two organisations.	N/A	New HB/CTB claim form introduced from December 2005
2.3 **Simplify the claims process for the surviving partner where the claimant dies**	This is a simplification measure for our customers.	Housing Benefit/Council Tax Benefit process has been simplified so that bereaved partners no longer need to apply for backdating if they make a claim within a month of bereavement.	N/A	November 2005 Housing Benefit/Council Tax Benefit process simplified

DELIVERED SIMPLIFICATION MEASURES – DEPARTMENT'S CUSTOMERS				
Title/initiative	**Type of Burden**	**Description of Measure and Outcome**	**Cost saving**	**Milestones/ Deadlines**
2.4 **Simplify the claims process for the surviving partner where the claimant dies**	This is a simplification measure for our customers.	The automated adjustment of the surviving partner's State Pension. Automated award of the Bereavement Payment for customers over state pension age, who qualify for such a payment. Streamline the Pension Credit process. In addition the surviving spouse or civil partner, will no longer be required to complete an application form to apply for arrears of State Pension and Pension Credit outstanding at the time of the customer's death, unless there is an executor or administrator to the estate.	N/A	Introduction incrementally from the autumn of 2007 until December 2008
2.5 **Simplify and consolidate Housing Benefit/Council Tax Benefit regulations**	This is a simplification measure for our customers.	Principal HB/CTB regulations have been consolidated to produce four sets of regulations and a consequential provisions set that lists all the previous savings provisions in one place.	N/A	Completed March 2006
2.6 **Simplify the new Housing Benefit claims provisions and end of claims provisions for hostel dwellers with a daily rent liability**	This is a simplification measure for our customers.	Allows HB to be awarded from the start of the tenancy. Easier for claimants and landlords to understand, fairer to claimants and landlords and easier for local authorities to administer.	N/A	Introduced April 2006

DELIVERED SIMPLIFICATION MEASURES – DEPARTMENT'S CUSTOMERS				
Title/initiative	**Type of Burden**	**Description of Measure and Outcome**	**Cost saving**	**Milestones/ Deadlines**
2.7 **Simplify the Housing Benefit change of circumstances provisions**	This is a simplification measure for our customers.	Changes of circumstances are effective from the benefit week after the change occurs; any change to the rent either for an existing home or move to another address is effective on the day of the change; any change ending entitlement is effective from the following benefit week. The changes make the rules easier to understand, fairer and easier to administer.	N/A	Introduced April 2006
2.8 **Simplify the calculation of the weekly equivalent of a calendar monthly rent**	This is a simplification measure for our customers.	New method is to multiply the monthly rent by 12 and divide by 52. The change aligns the calculation with that of rent officers.	N/A	Introduced April 2006
2.9 **Simplify hospital downrating rules**	This is a simplification measure for our customers.	Removal of linking rules for Housing Benefit so each spell in hospital starts afresh	N/A	Introduced April 2006

DELIVERED SIMPLIFICATION MEASURES – DEPARTMENT'S CUSTOMERS				
Title/initiative	**Type of Burden**	**Description of Measure and Outcome**	**Cost saving**	**Milestones/ Deadlines**
2.10 **Simplify by aligning treatment of tax credit arrears disregard for Housing Benefit/Council Tax benefit**	This is a simplification measure for our customers.	All arrears of tax credits to be treated as capital and disregarded for 52 weeks. Previously only those due to change of circumstances were disregarded.	N/A	Introduced April 2006
2.11 **Simplify rules for disregard of lump sum on deferral of State Pension for Housing Benefit/Council Tax Benefit purposes**	This is a simplification measure for our customers.	Someone deferring receipt of their SP can choose whether to have a lump sum payment or increased SP at the end of the deferral period. The HB/CTB provisions have been aligned with those of Pension Credit so that if the person chooses a lump sum it is fully disregarded in HB/CTB for the claimant's lifetime.	N/A	Introduced April 2006
2.12 **Simplify method of recovery of overpayments of Housing Benefit**	This is a simplification measure for our customers.	Regulations amended where a customer who has been overpaid HB for one tenancy moves to another so that overpayment can be offset (in one lump sum) against HB due for second property. Cuts administration costs & stress for customer.	N/A	Introduced April 2006
2.13 **Simplify linking rules in Incapacity Benefit**	This is a simplification measure for our customers.	An individual can return to previous levels of benefit within 104 weeks of leaving benefit for work or training. Process also simpler and more automatic for customers and is easier for staff to explain.	N/A	Introduced October 2006

DELIVERED SIMPLIFICATION MEASURES – DEPARTMENT'S CUSTOMERS				
Title/initiative	**Type of Burden**	**Description of Measure and Outcome**	**Cost saving**	**Milestones/ Deadlines**
2.14 **Simplify measures on Statutory Maternity Pay (SMP) and Maternity Allowance (MA)**	These are simplification measures to improve the practical operation of SMP and MA and improve our customers' experience of the Department	Aligning start of the SMP and MA pay periods with the start of maternity leave. Introduction of "Keeping in Touch" days allowing women to work for up to 10 days without loss of SMP or MA or ending their maternity leave. MA becomes a seven day benefit in line with all other social security benefits. Employers can "split" the weekly payment of SMP if this helps them align payments with their own payroll systems.	N/A	Introduced October 2006
2.15 **Enabling HB/CTB claims and reports of changes of circumstance to be made by telephone or electronically**	This is a simplification measure to increase customers' options for making and handling claims to benefit See 3.5 below also	Change legislation to enable claims for Housing Benefit and Council Tax Benefit, and reports of changes of circumstances to be made by telephone or electronically.	N/A	Came into force December 2006

DELIVERED SIMPLIFICATION MEASURES – DEPARTMENT'S CUSTOMERS				
Title/initiative	**Type of Burden**	**Description of Measure and Outcome**	**Cost saving**	**Milestones/ Deadlines**
2.16 **Reduction of Working Age Information Leaflets and introduction of three-tier approach to information**	This is a simplification measure for our customers.	The number of working age leaflets has been reduced to 86. We have introduced a system of tiered information, designed to deliver the right amount of information at the time when customers need it. We submit all leaflets to the Plain English Campaign and, where possible, obtain Plain English accreditation (crystal markings) for leaflets.	N/A	Completed June 2006
2.17 **Simplify claims process by taking telephone applications for State Pension (SP) and Pension Credit (PC)**	This is a simplification measure for our customers.	A simpler claims process, removing the need in most cases to sign and return a paper claim form.	N/A	August 2005 to April 2007
2.18 **Simplification of Underlying entitlement Notifications**	This is a simplification measure for our customers.	Notifications have been improved so that underlying entitlement to Carer's Allowance is explained more clearly	N/A	Completed April 2007
2.19 **Introduction of a shortened CA claim pack for customers in receipt of State Pension to simplify the claims process**	This is a simplification measure for our customers.	A shortened claim pack was introduced for use by customers in receipt of State Pension to capture the information relevant to claims from this customer group.	N/A	Introduced in December 2006

DELIVERED SIMPLIFICATION MEASURES – DEPARTMENT'S CUSTOMERS				
Title/initiative	**Type of Burden**	**Description of Measure and Outcome**	**Cost saving**	**Milestones/ Deadlines**
2.20 Disregard all compensation payments in the final pay packet on new claims to benefit.	This is a simplification measure for our customers.	This measure will reduce the amount of evidence customers need to produce when making a new claim. It will speed up new claims administration and reduce the time taken to process a claim. It will simplify the new claims process for employers, customers and staff and introduce consistent rules across the benefits system.	N/A	Took effect from 1st October 2007

DELIVERED SIMPLIFICATION MEASURES – PUBLIC SECTOR				
Title/initiative	**Type of Burden**	**Description of Measure and Outcome**	**Cost saving**	**Milestones/ Deadlines**
3.1 **ICT solution:** **Improve Information flows between Government and Local Authorities**	Administrative	Department has replaced the current DWP/LA information flows via the remote access terminals and electronic transfer of data reports, with a web based browser system accessing Customer Information System. Improved and more widespread access to information between the department and local authorities has enabled more efficient Housing and Council Tax Benefit administration	Annual savings £12.87m	May to November 2006
3.2 **Simplify Incapacity Benefits Permitted Work and Test trading Rules**	Administrative	Simplifies the administrative process for customers undertaking Permitted Work. A customer can now undertake an initial period of Permitted Work for 52 weeks as opposed to 26 weeks followed by a further 26 weeks upon further application and approval of a Support officer. The new Test Trading rules allow customers to be treated as being in training as with other “work-based leaning for adults” provision and brings them more in line with the arrangements for JSA/IS customers. Reduces administrative complexities.	N/A	Introduced April 2006
3.3 **ICT solution:** **Introduction of a Fraud Referral and Intervention Management System**	Administrative	This will provide a single national database of fraud/compliance cases.	One-off costs £32m Annual savings £6m	June 2007 to February 2008

DELIVERED SIMPLIFICATION MEASURES – PUBLIC SECTOR				
Title/initiative	**Type of Burden**	**Description of Measure and Outcome**	**Cost saving**	**Milestones/ Deadlines**
3.4 **ICT solution:** **Improve efficiencies through a strategic virtual contact centre network for Jobcentre Plus**	Administrative	The network of Contact Centres in Jobcentre Plus will be linked into a single virtual network providing more efficient call answering services and a common telephone number nationally for each business line handled by those contact centres.	One-off costs £8.5m Annual savings £5.5m Net savings in 2010/11 (break even year) £2.9m	September 2007 to June 2008
3.5 **Remove the requirement for HB/CTB claims and reports of changes of circumstance to be made in writing**	Administrative See 2.14 above also	To give local authorities (LAs)/DWP the option of streamlining processes by accepting claims for HB/CTB, or reports of changes of circumstances, by telephone or electronically.	Some one-of costs for LAs which opt to make use of this Modest longer- term net savings for LAs. Opportunity for faster administration	Came into force December 2006
3.6 **Improve and strengthen legislation governing the payment of AA/DLA to care home residents**	Administrative	The changes clarify and strengthen the legislation making it easier to understand and less susceptible to judicial challenge or attempted circumvention.	N/A	Came into force October 2007

Annex B

FUTURE SIMPLIFICATION MEASURES - BUSINESS

Title	Type of Burden	Description of measure and outcome	Outcome	Estimated cost saving	Implementation timeline
1.1 **Simplify Statutory Sick Pay Regulations**	Administrative Burden	Remove the requirement to link periods of Statutory Sick Pay between different employers	Former employer does not need to collect data or provide employees with a form SSP1L. Current employer does not have to check a linking provision with previous employer or hold this form SSP1L.	£1.5m	Amending regulations scheduled for October 2008
1.2 **Simplify Statutory Sick Pay Regulations**	Administrative Burden	Following the introduction of Employment and Support Allowance some information in connection with benefit claims, when entitlement to Statutory Sick Pay has exhausted, will no longer be necessary	Reduction in record keeping requirements for employers and a simplified form for completion which reduces the information requirements. Should also lead to a reduction in enquires from JCP processing staff	£2.5m	To coincide with the introduction of Employment and Support Allowance in Autumn 2008
1.3 **Simplify Occupational Pensions Schemes Employer Debt Regulations**	Policy	Makes three main amendments to: the operation of Approved Withdrawal Arrangements and the test used by the Regulator when approving them; the definition of employment-cessation events; and the operation of apportionments of scheme shortfalls in multi-employer schemes.	▪ Makes the Employer Debt Regulations more flexible and easier for employers and schemes with changes to the withdrawal arrangements and changes to cessation events designed to help small employers and charities; and ▪ to protect scheme members and the Pension Protection Fund from the risk of employers abandoning their schemes.	Estimated £2m-£3m	Amending regulations to come into force by April 2008.

FUTURE SIMPLIFICATION MEASURES - BUSINESS

Title	Type of Burden	Description of measure	Outcome	Estimated cost saving	Implementation timeline
1.4 Review of Employers' Liability Compulsory Insurance certificates	Administrative Burden	Amends provision that requires businesses to display the liability insurance certificate in a specified way at all business premises and abolishes requirement to keep certificates for 40 years	Will give businesses freedom to display certificates in a way which best suits staff and structure Reduces unnecessary paperwork	£58m	Public Consultation ended September 2007 Further stakeholder discussions ongoing with a view to introducing any amendments in April 2008.
1.5 Review of private pensions legislation	Policy	Government response to the report from the two external reviewers to the review proposes: a reduction in the cap which applies to deferred pensions from 5% to 2.5% for future service a statutory override to enable all schemes to implement the reduction in indexation cap which applies from April 2005 for future service . abolish "safeguarded rights" provisions	Reduction in the cap and the introduction of a statutory override for LPI change will reduce the costs of providing pensions going forward. Abolishing "safeguarded rights" will remove complexity for those schemes which are affected .	Revaluation cap- approx £250 million (2007/08 prices) Statutory override- approx £20 million Removal of the "safeguarded rights" provisions negligible	Changes included in the Pensions Bill introduced 5 December To be taken forward in secondary legislation Changes included in the Pensions Bill introduced 5 December

FUTURE SIMPLIFICATION MEASURES - BUSINESS					
Title	**Type of Burden**	**Description of measure**	**Outcome**	**Estimated cost saving**	**Implementation timeline**
1.6 **Permit contracting-out rights (protected rights) to be held in Self-Invested Personal Pension Schemes**	Administrative burden	Most Self-Invested Personal Pension Schemes do not currently satisfy the conditions that would allow them to be granted a contracted-out certificate, without which they cannot invest protected rights. The change will remove the current restrictions.	Self-Invested Personal Pension Schemes will no longer be required to establish a separate contracted-out arrangement in order to hold protected. Individual policy holders will also be permitted to have a greater say in how their protected rights are invested and no longer have to pay two lots of administration charges – one for protected rights and one for non-protected rights.	Some initial start up costs associated with SIPPs having to set up as an appropriate scheme but these are not expected to be significant.	October 2008

FUTURE SIMPLIFICATION MEASURES – DEPARTMENT'S CUSTOMERS					
Title	**Type of Burden**	**Description of measure**	**Outcome**	**Estimated cost saving**	**Implementation timeline**
2.1 **Remove double dating provision of Disability Allowance/ Attendance Allowance and introduce a 2 week universal backdating period.**	N/A	This measure will remove the double date provision for certain claims and will introduce a universal 2 week backdating provision for all claims.	This will introduce a single backdating rule for all AA and DLA claims	N/A	Needs primary legislation.
2.2 **Align treatment of rental income from sub-tenants by applying a flat rate £20 across the benefits system.**	N/A	The measure will make the system easier for customers and staff to understand.	Will simplify and standardise the administration of the benefits system for staff and customers.	N/A	Regulations amended in September 2007 for introduction in April 2008
2.3 **Simplify process for adults claiming Attendance Allowance**	N/A	A new claim pack will be piloted, starting in September 2007.	Will make it easier for those claiming Attendance Allowance as the questions are asked in a structured format with simple tick boxes. This should allow the customer to fully describe their care needs	N/A	Evaluation planned for end of 2007

FUTURE SIMPLIFICATION MEASURES – DEPARTMENT'S CUSTOMERS					
Title	**Type of Burden**	**Description of measure**	**Outcome**	**Estimated cost saving**	**Implementation timeline**
2.4 Simplify notifications of claims for Disability and Carer's benefits which explain decisions made about individuals' benefit entitlement	N/A	The notification will provide customers with a clearer and fuller explanation of their individual entitlement.	Customers will be better informed and as a result will be able to identify and report any relevant changes to their case.	N/A	National Rollout began September 2007

FUTURE SIMPLIFICATION MEASURES – PUBLIC SECTOR					
Title	**Type of Burden**	**Description of measure**	**Outcome**	**Estimated cost saving**	**Implementation timeline**
3.1 **Review of Pensions Institutions**	Policy and administrative	Merger of Pensions Ombudsman with Financial Ombudsman Service.	Economies of scale for pension scheme members as it will speed up case clearance. Merging the two offices will provide one place for all pension scheme members to seek redress from an Ombudsman dealing with all types of private pensions.	Initial set-up costs £0.3 m Savings up to £1m	The government announced in June 2007 that it would implement recommendations made by Paul Thornton following his review of Pensions Institutions. Primary legislation necessary
3.2 **Improve legislation by extending existing provisions for people to claim Disability Living Allowance and Carer's Allowance at alternative offices**	Administrative	Local authorities and other alternative offices can receive record and forward information and evidence in respect of claims for specified benefits and all claims for DLA/CA in addition to existing specified benefits.	Two evaluation reports based on a snapshot of AOs were completed in November 06 and February 07. Pilots are currently being developed and it is expected that evaluation will be available summer 2008.	Awaiting results of Pilots	Pilots likely to end 2007/08 A full feasibility study and evaluation of alternative offices has been commissioned, to be completed by end 2007/08.

FUTURE SIMPLIFICATION MEASURES – PUBLIC SECTOR					
Title	**Type of Burden**	**Description of measure**	**Outcome**	**Estimated cost saving**	**Implementation timeline**
3.4 Improve data sharing within Government through Customer Information System	Administrative	This will provide a central repository of customer data for the Department, other Government Departments and local authorities.	This will contribute to interdepartmental sharing of information – information need not be gathered from the individual.	Annual savings 2009/10 £60m	September 2007 Planned Release 3a March 2008 Planned Release 3b
3.5 Improvements to the Carer's Allowance Reviews Process	Administrative	Annual review forms will not be sent out to those in receipt of Carer's Allowance.	Review Forms will be replaced with an annual message about reporting changes of circumstance. Those with underlying entitlement to CA will no longer be required to return their review forms if their circumstances have not changed.	N/A	Implementation is planned for April 2008.

Annex C

REGULATORY FLOW					
Title	**Nature of Burden**	**Description of the measure**	**Outcomes incl sector impacted**	**Estimated cost**	**Implementation timeline**
The Occupational Pension Schemes (Scheme Funding) Regulations 2005	Administrative Burden	Pensions scheme funding regulations	Private sector	£28m	30 December 2005
The Occupational Pension Schemes (Administration and Audited Accounts) (Amendment) Regulations 2005	Administrative Burden	Issue of statements of contributions to pension scheme members	Private sector	£16m	6 April 2006
The Occupational Pension Schemes (Consultation by Employers and Miscellaneous Amendment) Regulations 2006	Administrative Burden	Report results of consultation	Private sector	£4m	6 April 2006
The Occupational Pension Schemes (Early Leavers) Regulations 2006	Administrative Burden	Calculate and Verify early leavers cash transfer sums	Private sector	£1m	6 April 2006
The Occupational and Personal Pension Schemes (Miscellaneous Amendment) Regulations 2006	Administrative Burden	Relating to the issue of statements of contributions to pension scheme members	Private sector	£1m	6 April 2006