

Written Ministerial Statement

Thursday 27 March 2014

THE DEPARTMENT FOR WORK AND PENSIONS

Early exit of Atos from WCA contract

The Minister for Disabled People (Mike Penning MP): The previous Government appointed Atos the sole provider for carrying out Work Capability Assessments in 2008. Since this Government inherited the contract to deliver the Work Capability Assessment, we have been committed to a process of continuous improvement.

When this Government took over responsibility for the Work Capability Assessment we were concerned about the nature of the contract and the process we inherited from the previous Government. We immediately identified the need for considerable improvements and we undertook a series of reviews to improve the balance. When I took over responsibility, I decided to build on the work identified by my predecessors who engaged Professor Harrington, a respected Occupational Physician, to undertake the initial Independent Review. We have taken forward the recommendations from the three Harrington reviews and these have significantly improved the assessment. Today am I pleased to announce we are publishing our response to the first review by his successor Doctor Litchfield.

My commitment to performance is why my department took immediate action last summer when we identified significant quality failures in the written reports produced by Atos following assessments.

Today I am announcing that following detailed negotiations with Atos, the Government has reached a settlement for Atos to exit the contract to deliver Work Capability Assessments before it is due to end in August 2015.

I am pleased to confirm that Atos will not receive a single penny of compensation from the taxpayer for the early termination of their contract, quite the contrary, I can also confirm that Atos has made a substantial financial settlement to the Department for Work and Pensions.

It is important to outline that we have learnt from the mistakes of the last contract agreed by the previous government. We have negotiated an agreement covering the remaining term that is more robust, with an agreed performance regime that gives us confidence delivery goals will be achieved. It is that same commercial rigour that will underpin the new procurement for these services that I am announcing today.

I will shortly be issuing a notice in the Official Journal of the European Union seeking a new provider to deliver health and disability assessments including Work Capability Assessments. My Department will now withdraw the notice issued in the Official Journal of the European Union last September.

To ensure protection for claimants and a smooth transition, I believe the most effective way to stabilise and then increase delivery is to bring in one national provider to deliver the Work Capability Assessment, initially using elements of the Atos infrastructure. In the longer term, I am committed to moving to multiple providers to increase competition. My department is committed to learning the lessons from these past failures and ensuring they are reflected in the design and management of future contracts, as well as the Department's own commercial capability.

The plan is for the new contract to be awarded later this year, with a view to the new provider taking responsibility for delivery of Work Capability Assessments by 2015. It is expected that the Transfer of Undertakings Protection of Employment regulations will apply and most of the Atos employees will transfer to the new provider. The new provider should therefore be able to step into the contract without disrupting the service. My absolute priority for the new provider will be to deliver the best service possible for claimants, increase the volume of assessments carried out and reduce waiting times. In the meantime, we will focus on delivery of assessments for those making new claims and those who have changes in their condition.

Atos is announcing today that the company will be withdrawing from delivery of Work Capability Assessments in Great Britain (Atos will continue to deliver these assessments under its separate contract in Northern Ireland). Atos will continue to deliver Personal Independence Payment assessments in two regions of Great Britain.

Atos will continue to deliver Work Capability Assessments until contract exit and will be subject to a rigorous quality and service credit regime. To that end, I am appointing a remedial advisory team to work with the Atos Healthcare management during this period to assist Atos in meeting their contractual obligations, ahead of awarding the contract to a new provider. This is being accomplished with the full cooperation of Atos who will meet all related costs.

There is strong evidence that work is good for physical and mental well-being, and that being out of work can contribute to poorer health and other negative outcomes. While we will always support people who genuinely cannot work, this Government is committed to getting as many people as possible into work. Notwithstanding the considerable improvements that we have had to make to the Work Capability Assessment process we inherited, our reforms mean that over 650,000 people are now looking for, or preparing for, work. I am committed to ensuring that the assessments are fair and accurate and, together with robust contract management, the recommendations made by Dr Litchfield in his independent review will help us continue to improve the Work Capability Assessment.