

29 January 2026 Connect to Work - Programme Business Case 1 Summary

Executive Summary

Connect to Work is a major initiative in the Government's Get Britain Working strategy. In each year at peak, it aims to support up to 100,000 people with complex barriers to work towards sustained employment. The programme utilises validated, evidenced based, supported employment models and is executed through coordinated clusters of local authorities, with the Department for Work and Pensions overseeing funding arrangements. The initiative received an Amber rating from the Infrastructure and Projects Authority in December 2024. The programme is assessed to provide a net present value of £693 million in societal benefits. Funding allocations have been secured for both Local and Combined Authorities and implementation of a phased rollout is currently in progress.

It is standard government practice to develop and assess business cases in line with His Majesty's Treasury's Green Book guidance, which sets out best practice for appraising and evaluating public spending proposals. This business case was prepared in early 2025 and approved by His Majesty's Treasury on 23 June 2025. This summary is now being published following that approval. The business case outlines the expected benefits of the proposal, including anticipated savings and improvements to participant experience, and forms part of the government's commitment to transparency and value for money in public spending.

1. Strategic Case

Rationale

- 1.1 One of the Government's five missions is to kickstart economic growth, with good jobs and improved productivity in every part of the country. The Government aims to take a more collaborative, locally led approach to tackling economic inactivity.
- 1.2 There are 1.9 million people in the UK who would like to work but are not participating in the labour market¹. Long-term sickness continues to be the most common reason for economic inactivity among the working age population, and between 2014 and 2022, disabled workers (defined by the Equality Act 2010) were nearly twice as likely to fall out of work as non-disabled people.
- 1.3 In October 2024, the Government decided to expand access to 'Supported Employment' – an evidence-based model for supporting disabled people and those with significant health conditions using a 'place, train and maintain' approach – through a new voluntary, locally led programme called Connect to Work. This is the first programme within the Government's new 'Pathways to

¹ ONS statistics; Economic Inactivity seasonally adjusted

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/economicinactivity/datasets/economicinactivitybyreasonseasonallyadjustedinac01sa>

Work' package of support and marks the first step towards greater devolution of responsibilities and funding for employment programmes to local areas.

1.4 Connect to Work will be delivered by clusters of local authorities, termed Delivery Areas, with a named local authority acting as the accountable body for each Delivery Area in England and Wales. Each accountable body will need to set out in their delivery plan how they will manage Connect to Work to ensure effective delivery with a phased rollout of Connect to Work shaped by local authorities own timetables from 2025/26.

1.5 Funding for Connect to Work will provide support across England and Wales for around 100,000 disabled people, people with health conditions or in specified disadvantaged groups each year at peak delivery. Funding for supported employment places in Greater Manchester and West Midlands Mayoral Combined Authorities has been included in the new Integrated Settlements for 2025/26. For 2025/26, the outcomes framework agreed for the Integrated Settlement areas has the same outcomes as the wider programme.

Objectives and Outcomes

1.6 The key strategic outcome for Connect to Work is primarily to move more of the economically inactive target groups into sustained work using the evidence-based supported employment models. It will also include support for people in the above groups who are at risk of losing their job and becoming inactive. The key objectives are:

- Delivering a national supported employment model supporting approximately 300,000 individuals by the end of FY2029/30.
- Supporting local economic growth through the employment of people from across our target populations [7 percentage points (ppt) of additionality is achieved (at a minimum) across the combined Connect to Work participant group].
- Contributing to a framework for effective, locally driven integrated employment support that can be sustained.
- Improving participant general health and wellbeing, including support to build strategies to manage their disability and barriers to work and gain financial independence.

2. The Economic Case

Connect to Work Outcomes

2.1 The economic modelling in this business case was based on an adjusted return on investment and employment additionality figures from the Work Choice Programme evaluation evidence. This primarily considered employment effects with more limited consideration of health effects.

2.2 The economic modelling of return on investment has been updated in this Programme Business Case to include revised assumptions on volume numbers (Table 1) and updated unit costs via the Should Cost work (para 2.14 and Table 6).

Economic Appraisal

Volume Assumptions underpinning the Economic and Financial Cases

2.3 The scenarios presented in this business case assume total participant starts of approximately 300,000 over the term. This follows our assumed volume profile (Table 1). The volume figures and return on investment estimates in this section include the number of participants that West Midlands and Greater Manchester Mayoral Combined Authorities have committed to supporting in 2025/26 through their Integrated Settlements. For subsequent years, it is assumed that they will provide support based on the volumes specified for their regions via the Grant Formula. However, these numbers are subject to change following negotiations of their settlements for those years.

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	Total
Volume (starts)	0	33,623	93,210	100,168	72,440	9,378	308,819

Table 1. Volume profile for Connect to Work and Integrated Settlements

2.4 Detailed monthly and annual profiles have been developed that underpin the figures above. The baseline assumptions are provided below:

- Profiling of the volume is based on the programme's risk-assessed output from engagement with accountable bodies on their proposed delivery starting months.
- Unit costs have been updated to better reflect Grant Formula allocations based upon the published Grant Guidance.
- Service ramp-up durations have been updated through engagement with accountable bodies on deliverability and intelligence from the programme's engagement with accountable bodies.
- Out of work participants will receive up to 12 months support.
- In-work retention support participants will receive up to 4 months support.
- The employment advisor/key worker average caseload will be up to 25 participants.
- There will be a 4-month programme tail following the last in-work retention support referral and a 12-month programme tail following the last out of work referral.

Cost, Savings & Impact Assessment

2.5 Economic modelling of the benefits for the business case has been carried out using a split of 85% out of work participants and 15% in-work retention support participants as an evidence-based assumption agreed with the Programme Board 2024. This option allows DWP to ensure more focus is placed on the out of work cohorts, in line with workforce participation and ministerial priorities, while still providing a reasonable offer for those in work. It also still provides a reasonable return, with an overall net present value of £693 million for the central scenario. Analysis of the returns from the different out of work/in-work retention support splits showed that although the 90/10 split yields a slightly

higher return, its higher unit cost makes it unaffordable. Therefore, the 85/15 split remains the preferred option.

2.6 Three scenarios (options) were developed for the modelling in the business case based on differing levels of employment additionality. These scenarios were:

- Central – 7ppt employment additionality² with adjusted cost benefit ratios
- Optimistic – 10ppt employment additionality³ with adjusted cost benefit ratios (aligned with Work Choice evidence, downgraded for the central and pessimistic scenarios)
- Pessimistic – 3ppt employment additionality⁴ with adjusted cost benefit ratios.

2.7 The scenarios produce different impacts on wider employment considerations.

The tables presented below show the undiscounted return on investments for the central scenario for each year in the funded period, with totals for the funded period and the totals after 9 years (when the full annually managed expenditure returns will have been delivered).

2.8 The cost benefit ratios that underpin the benefits modelled for the three scenarios are provided in Table 2. The overall cost benefit ratio is 1.81 for out of work and 2.11 for the in-work retention support in the central scenario, calculated by combining the annually managed expenditure and societal cost benefit ratios. This means that there are £1.81 in benefits for every £1 spent for the out of work group. As societal cost benefit ratios also include some fiscal benefits, all three cost benefit ratios should not be summed together; instead, only annually managed expenditure and societal returns are combined to estimate the total cost benefit ratios, which are used to calculate net present value in Table 7.

Cost Benefit Ratio (CBR)	Annually Managed Expenditure (AME)		Fiscal		Societal	
	Out of Work (OOW)	In-work Retention Support (IWRs)	OOW	IWRs	OOW	IWRs
Baseline/Central Scenario	0.49	0.49	0.97	0.97	1.32	1.62
Optimistic	0.7	0.7	1.38	1.38	1.89	2.32

² 7ppt additionality was adjusted down from 10ppt additionality found in the Work Choice (WC) evaluation, as the lower unit cost of Connect to Work indicates a lower intensity of support (which may mean lower employment impact), and this change serves to reduce the chances of over-estimating impact. The specific size of the adjustment was based on judgement and selected after considering the full evidence base including evaluations of other relevant DWP provision and the IPS literature.

³ 10ppt additionality selected to match the returns (evidenced through WC). The finalised WC evaluation showed an additionality of 11.5ppt over 8 years ([Work Choice impact evaluation - GOV.UK](#)).

⁴ In the PBC, the pessimistic scenario is 3ppt employment additionality.

Pessimistic	0.21	0.21	0.41	0.41	0.57	0.7
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Table 2. Cost benefit ratios across Connect to Work.

2.9 Central scenario (7ppt employment additionality) – breakdown including annually managed expenditure savings and employment impact over the funded period. Totals are subject to rounding.

	2025/26	2026/27	2027/28	2028/29	2029/30
Indirect AME savings (£m)	12	49	88	116	120
Fiscal savings (£m)	25	97	175	231	238
Social impact (£m)	35	135	242	320	330
Employment impact (additional people in work, cumulative, thousands)	2	9	16	21	22
Employment outcomes (total people in work, cumulative, thousands)	14	54	97	129	133

Table 3. Connect to Work Central Scenario Benefit Profile

	ROI by 2029/30	Total ROI
Total AME Savings (£m)	387	601
Total Fiscal Savings (£m)	764	1188
Total Social Impact (£m)	1061	1648
Total return on investment - AME + Social (£m)	1447	2249

Table 4. Connect to Work Central Scenario Benefit Totals

Do Nothing Option

2.10 The cost of the do-nothing option is described here in terms of the potential range of forgone benefits, which include not only the baseline scenario, but also the optimistic and pessimistic scenario estimates, by not proceeding with the planned rollout of Connect to Work.

	Lower Estimate	Central Estimate	Higher Estimate
Total AME savings (£m)	258	601	859
Total Fiscal savings (£m)	503	1188	1692
Total Social impact (£m)	713	1648	2363
Total ROI - AME + Social (£m)	971	2249	3222

Employment impact (additional people in work, thousands)	9	22	31
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Table 5. Forgone benefits originating from the do-nothing option

Grant delivery Should Cost Assessment

2.11 The Should Cost model was calculated based on central scenario assumptions for volumes and wider assumptions for the agreed 85/15 out of work/in-work retention support participant split.

2.12 The results from the Should Cost model were used to inform initial calculations of financial profiles built on the projected rollout schedule.

2.13 This has resulted in:

- unit cost to better reflect grant formula allocations.
- volume profile to factor in the rollout schedule.
- service ramp up durations through engagement with accountable bodies on deliverability

2.14 Table 6 shows the Should Cost analysis - including grant delivery costs only. Estimates of grant funding in 2024/25 from the Should Cost model are used, rather than sunk costs used in the Financial Case. These figures result in a unit grant cost for the whole life of the programme of £3,793 per participant.

Scenario	OOW/IWRS	24/25	25/26	26/27	27/28	28/29	29/30	Total
Central	85/15	8.7	99.2	239.9	357.8	336.2	131.1	1,173.0

Table 6. Connect to Work Should Cost modelling summary **estimated grant cost by financial year (£m)**

Discounted Cash Flow

2.15 The net present value estimate for the preferred option is £693 million (Table 7). The net present value increases to £1,450 million for the optimistic scenario. However, it becomes a net present cost of £301 million for the pessimistic scenario, meaning the programme would no longer be cost effective.

Scenario	NPV (£m)
Central (7ppt additionality)	693
Optimistic (10ppt additionality)	1,450
Pessimistic (3ppt additionality)	-301

Table 7. NPVs for different scenarios

2.16 The Should Cost assumptions approved through programme governance are based on procured Employment Service bid and open book data.

3. Financial Case

Funding Requirement

3.1 The total funding required for the life of the programme is £1.23 billion (2023/24 to 2031/32).

3.2 Funding of £114 million for 2025/26 was confirmed at Autumn Budget 2024. A further £978 million was provided through Spending Review 2025 to cover 2026/27 to 2028/29. The £138 million funding for 2029/30 and beyond will be requested in a future Spending Review.

3.3 The Programme remains within His Majesty's Treasury funding envelope, subject to Spending Review outcomes.

Whole life costs of the business case

3.4 A total of £16 million has been spent from 2023 to March 2025 in the following areas:

- Programme staff, professional support and other programme costs
- Initial section 31 grants to support local areas in preparing their delivery plans and initial implementation

3.5 Future costs amount to £1.2 billion covering the following areas:

- Section 2 grant funding for local areas makes up the bulk, £1.2 billion, of planned expenditure
- Ongoing commercial management of the grant programme by the Department costing £32 million. Totals are subject to rounding.

DEL Costs (RDEL unless specified)	Sunk Costs		Future Costs							Total
	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	
Programme Costs	2.7	4.5	2.5	0.5	-	-	-	-	-	10.1
Ongoing Commercial Management	0.2	1.8	5.3	6.9	6.9	6.9	5.7	-	-	33.6
DWP IT Investments	0.1	1.7	3.0	1.5	0.6	0.6	0.6	-	-	8.3
Grants funding for local areas	-	4.5	99.2	239.9	357.8	336.2	131.1	-	-	1,168.7
Evaluation (CDEL)	-	-	0.5	1.1	1.2	1.0	0.4	0.2	0.1	4.4
Total	3.0	12.6	110.4	249.8	366.5	344.7	137.9	0.2	0.1	1,225.1

Table 8. Connect to Work Cost Profile (£m)

3.6 Programme costs cover programme staff and professional support, including commercial, finance and legal, to establish the programme to the point where all areas have an agreed delivery plan and grant funding agreement.

3.7 Ongoing commercial management covers the costs for the Department to manage grant delivery, including processing claims, performance management and provision of fidelity assurance to ensure quality of provision.

3.8 Grant funding is costed drawing on evidence from past employment programmes, adjusted to match policy design and based on an assumed rollout schedule for delivery areas, along with an assumed participant starts profile.

Risks

3.9 The main risks to programme costing are:

- **Uncertainty in rollout schedule and volume ramp-up.** Grant funding spend is dependent on delivery areas agreeing feasible delivery plans and achieving the modelled ramp-up in starts. If these assumptions are not met there will be a downward pressure on grant spend in 2025/26 and 2026/27 leading to an underspend for the programme.
- **Integrated Settlements.** For 2025/26, funding for Greater Manchester and West Midlands Mayoral Combined Authorities is provided via an Integrated Settlement administered by Ministry of Housing, Communities and Local Government. Additional Delivery Areas are expected to use this funding route for Connect to Work from 2026/27 onwards. There will be a negotiation of the outcomes frameworks for Integrated Settlements prior to 2026/27, therefore assurance of the system and supporting frameworks beyond 2025/26 cannot be provided.

4. Procurement – The Commercial Case

Commercial Context

4.1 This Commercial Case focuses on the controls that will underpin the Connect to Work model, as well as some of the commercial procurements required. The procurement of the evaluation provider will be delivered through separate governance.

4.2 Out of the three models considered at the Strategic Outline Business Case stage (in-house, local authority grant and contracting with devolution), it was agreed that the local authority grant approach was more consistent with the previous government's devolution agenda than national contracts.

Controls

- Pre- and post-payment cost validation.
- Performance measures include job starts and sustained outcomes.
- Remedies include grant clawback and suspension.
- Digital systems underpin referral and performance tracking.

Procurement

- Fidelity Assurance assesses the quality of Connect to Work delivery against Individual Placement and Support and Supported Employment Quality Framework external benchmarking systems. The contract is outsourced via a competitive procurement.
- Implementation support specialists recruited.

5. The Management Case

Programme Management Arrangements

- 5.1 The Connect to Work programme is being delivered under DWP's Change Portfolio using Waterfall project methodology and will align to PRINCE2 and Managing Successful Programmes delivery methodologies. Governance oversight is provided through the Three Lines of Defence model, with the Programme Board responsible for overall delivery.
- 5.2 Connect to Work is on the Government Major Projects Portfolio and is subject to independent scrutiny from the Infrastructure and Projects Authority [now National Infrastructure and Service Transformation Authority]. An Infrastructure and Projects Authority review in December 2024 covering early planning, delivery, and readiness for implementation resulted in an Amber rating.
- 5.3 The programme's critical path has been baselined and is being actively managed. Key dependencies are monitored through a central register.
- 5.4 Key delivery roles are clearly defined, with the Senior Responsible Owner supported by the Programme Director and key stakeholders.

Risk Management Approach

- 5.5 Risk management is embedded within programme governance. The Project Management Office maintains a comprehensive risk register, with each risk assigned an owner and action manager. Risks are reviewed monthly and escalated to the Programme Board as needed. Each risk is supported by a contingency plan, ensuring resilience and preparedness.

Evaluation Plan

- 5.6 Evaluation of the programme is being commissioned and managed by DWP, with fieldwork originally scheduled to begin in July 2025 but now planned for October 2025. The evaluation approach was approved by the DWP Chief Social Researcher and the Minister for Employment, with a budget of £4.42 million. Oversight is provided by the Evaluation Advisory Panel and the Evaluation Task Force. Evaluation outputs will be delivered across multiple stages, including early insights in April 2026, interim findings in May 2027, and a final report in September 2031.

Benefits Management

- 5.7 Benefits management is governed by a Benefits Realisation Plan and Strategy, which will evolve as the programme matures. While full assurance of benefits will be confirmed through evaluation, live tracking of outcomes will provide early indications of delivery. The programme's success is contingent on timely referrals from accountable bodies, with mitigation in place to support planned roll out schedules.

Data Collection and Publication

5.8 Data and Management Information systems are in place to track referrals, starts, job outcomes, and earnings. Internal Management Information packs will be produced with the first official statistics publication planned for December 2025. These will provide transparency and support performance management across all delivery areas.

Value for Money Statement

5.9 This programme has been developed and appraised in line with His Majesty's Treasury's Green Book guidance and has received formal approval from His Majesty's Treasury. The business case demonstrates a net present value of £693 million in societal benefit, underpinned by evidence-based delivery models and independent review. Together, these factors provide assurance of value for money for the taxpayer.