



Departmental Overview, October 2018

Department for Work & Pensions

Department for Work & Pensions (DWP)

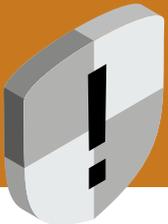
This overview summarises the work of the Department for Work & Pensions including what it does, how much it spends, recent and planned changes, and what to look out for across its main business areas and services.

Overview

 <p>About DWP and its services</p>	 <p>Where DWP spends its money</p>	 <p>Major projects and developments</p>
 <p>Exiting the European Union</p>	 <p>Managing public money</p>	

PART ONE

Fraud and error



PART TWO

Welfare reform



PART THREE

Customer service and operations management



PART FOUR

What to look out for



If you would like to know more about the National Audit Office's (NAO's) work on the Department for Work & Pensions, please contact:

Joshua Reddaway, Director,
Department for Work & Pensions
Value for Money Audit
✉ joshua.reddaway@nao.org.uk
☎ 020 7798 7938

Claire Rollo, Director,
Department for Work & Pensions
Financial Audit
✉ claire.rollo@nao.org.uk
☎ 0191 269 1846

If you are interested in the NAO's work and support for Parliament more widely, please contact:

✉ parliament@nao.org.uk
☎ 020 7798 7665



The National Audit Office scrutinises public spending for Parliament and is independent of government. The Comptroller and Auditor General (C&AG), Sir Amyas Morse KCB, is an Officer of the House of Commons and leads the NAO. The C&AG certifies the accounts of all government departments and many other public sector bodies. He has statutory authority to examine and report to Parliament on whether departments and the bodies they fund, nationally and locally, have used their resources efficiently, effectively, and with economy. The C&AG does this through a range of outputs including value-for-money reports on matters of public interest; investigations to establish the underlying facts in circumstances where concerns have been raised by others or observed through our wider work; landscape reviews to aid transparency; and good-practice guides. Our work ensures that those responsible for the use of public money are held to account and helps government to improve public services, leading to audited savings of £741 million in 2017.

Design & Production by NAO External Relations
DP Ref: 005087-001

© National Audit Office 2018



CONTENTS



NEXT



PREVIOUS



LAST PAGE VIEWED

About DWP and its services

DWP's vision:

'To deliver a modern, fair and affordable welfare system that makes a positive difference to citizens' lives by extending opportunity, strengthening personal responsibility and enabling fulfilment of personal potential. A transforming welfare system with services delivered in a sustainable and effective way, whilst reducing costs and achieving value for money for UK taxpayers.'

'DWP's single departmental plan sets out five objectives:

- 1 Build a more prosperous society by **supporting people into work** and helping them to realise their potential.
- 2 Improve outcomes and ensure financial security for **disabled people** and people with health conditions by increasing opportunities to realise their full potential with the help of the welfare system and through the labour market.
- 3 Ensure financial security for current and future **pensioners** by: helping people to increase their pension savings; providing information on their private and state pension provision to enable effective planning for the future; and supporting older people to extend their working lives.
- 4 Increase every child's opportunity to succeed by helping separated parents agree effective **child maintenance** arrangements and supporting families in distress to reduce parental breakdown and separation.
- 5 Transform its services and work with the devolved administrations to deliver an **effective welfare system** for citizens when they need it, **while reducing costs**, and achieving value for money for taxpayers.

DWP services include:

01

Jobcentre Plus

Aims to help people move from benefits into work and helps employers advertise jobs. Jobcentres deliver Universal Credit and Working Age benefits for people who are unemployed or are unable to work because of a health condition or disability.

02

Pension Services

Provides pensions, benefits and retirement information for current and future pensioners in the UK and abroad. Services delivered include State Pension and Pension Credit, along with responsibility for Winter Fuel Payments, Cold Weather Payments, Carer's Allowance, Attendance Allowance and the DWP Visiting Service.

03

Child Maintenance Services

Child maintenance is financial support towards a child when the parents have separated. The services:

- calculate how much maintenance the paying parent should pay to the receiving parent;
- collect the maintenance payments, if necessary; and
- provide impartial information and support to help parents make informed choices about child maintenance through the Child Maintenance Options Service.

04

Disability Services

Provide disability-related financial support through services including:

- Disability Living Allowance;
- Personal Independence Payments; and
- Access to Work.

DWP also has a number of executive and advisory non-departmental public bodies and public corporations. These include the [Pension Advisory Service](#), the [Pensions Ombudsman](#), the [Pensions Regulator](#) and the [Pension Protection Fund](#).

The [Pension Protection Fund](#) is the largest of these financially. It pays compensation to members of defined benefit pension schemes that have gone bust. The Fund is supported from levies imposed on employers with defined benefit schemes.

OVERVIEW

Where DWP spends its money

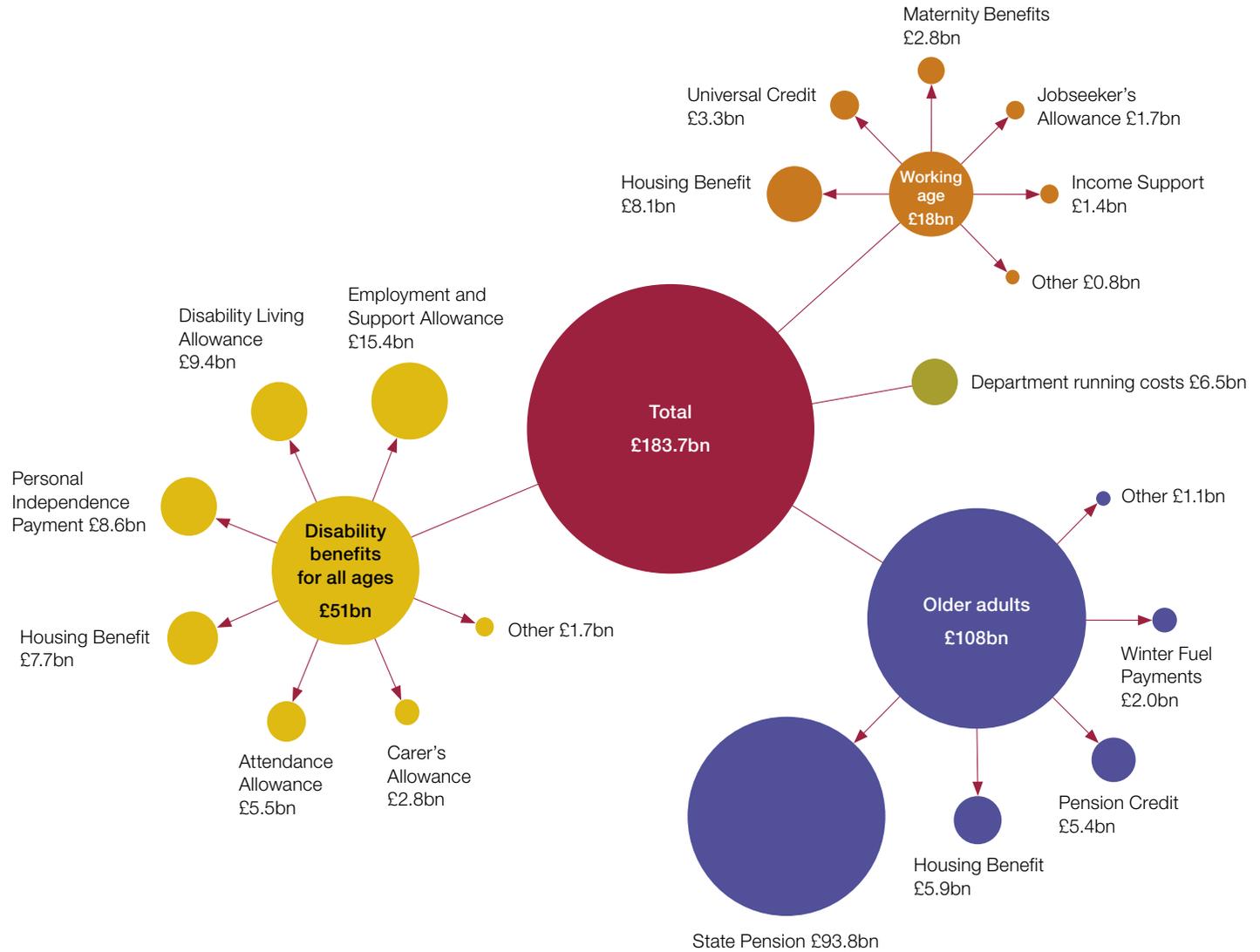
DWP has the largest budget of any government department. In 2017-18, its total expenditure on benefits (mainly Annually Managed Expenditure) was £177 billion.

The majority of DWP's payments are to pensioners (in 2017-18, this was £108 billion, excluding benefits to support disabled people and people with health conditions). This is mostly expenditure on the State Pension.

Benefits to support people with disabilities and people with health conditions of all ages (including pensioners) cost £51 billion in 2017-18, with other benefits making up the rest.

In 2017-18, DWP spent £6.5 billion on running itself and its programmes (its Departmental Expenditure Limit) – £6.1 billion in revenue costs and £432 million in capital costs.¹

DWP expenditure, 2017-18



Note

¹ Benefit expenditure figures are 2017-18 budgeted figures and not actuals as the breakdown on actuals is not provided within the Resource Account. As such, the totals do not sum to £177bn. Figures also may not sum due to rounding.

Source: Department for Work & Pensions, *Annual Report and Accounts 2017-18*, pages 23, 35, 43 and 56

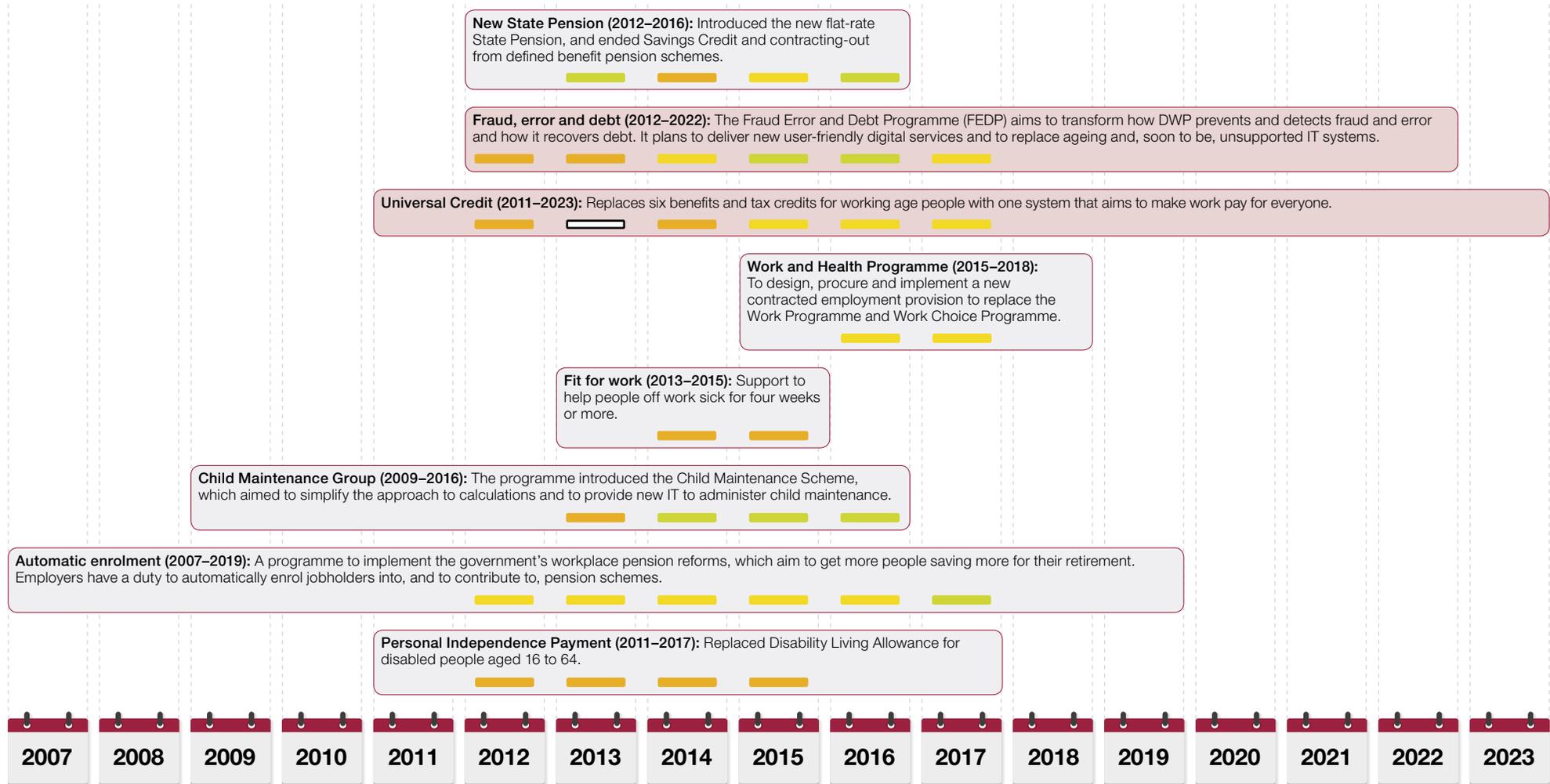
¹ DWP also pays a number of benefits from its Departmental Expenditure Limit. These include Funeral Expenses Payments and New Enterprise Allowance.

Major projects and developments

DWP has come through a period of intense welfare reform and major change programmes. These programmes have contributed to DWP reducing its running costs by around £3 billion a year since 2010-11.

Most of these programmes and projects are now formally complete (marked grey below). The exceptions are DWP's largest programme of welfare reform and digitalisation: Universal Credit, and the Fraud, Error and Debt Programme.

However, the full impacts of the previous welfare reform programmes on claimants, savers, pensioners and DWP's costs are still to be seen. In addition to these welfare reform projects, DWP has had major projects on IT, estates and skills.



Each major programme is given published risk ratings, assigned by the Infrastructure and Projects Authority (IPA) over the life of the programme. The ratings are shown in the coloured bands under each project.

IPA rating of the likely successful delivery of the project appears:

- Unachievable
- In doubt
- Feasible
- Probable
- Highly likely
- Reset

Exiting the European Union (EU)



DWP's EU responsibilities

DWP is the managing authority for the European Social Fund (ESF) in England and oversees England's funding allocation of €3.6 billion for the period 2014–2020. In 2017-18, DWP's outturn on the ESF was £6.4 million. The government has promised to ensure all ESF projects deliver good value for money and that domestic strategic priorities are funded up to 2020, regardless of the exit process. Government also plans to introduce a 'UK Shared Prosperity Fund' to replace EU structural funds from 2020.

DWP is also responsible for policy and the administration of reciprocal arrangements with EU states for social security payments, including EU nationals' access to benefits and pensions while in the UK and UK nationals' access to them when resident in EU countries.



DWP work streams for leaving the EU

In its June 2018 Single Departmental Plan DWP set out its objective to deliver an effective labour market strategy and benefit design that ensures work always pays, pre- and post-EU exit. DWP intends to plan effectively to support UK's exit from the EU, including ensuring it has the right level of capability.

In April 2018, the Department for Exiting the EU summarised the work streams under way to implement exit. DWP has seven main work streams related to leaving the EU. Its priorities include:

- deciding the future approach for reciprocal social security arrangements with the EU;
- deciding what access to UK benefits future migrants from the EU will have;
- ensuring that the UK's future immigration policy allows the UK labour market to function well;
- partnership work with the Health and Safety Executive on the fixes necessary to health and safety regulation, including in the chemicals field, as a result of EU exit; and
- the UK responsibility for a service to support labour mobility via an EU-wide jobs portal.

DWP is working within its existing budgets to carry out its work streams relating to leaving the EU.



Managing public money

More efficient administration

Over time, DWP is paying more out in benefits and pensions (its Annual Managed Expenditure or AME), while spending less on its own running costs (its Departmental Expenditure Limit or DEL).

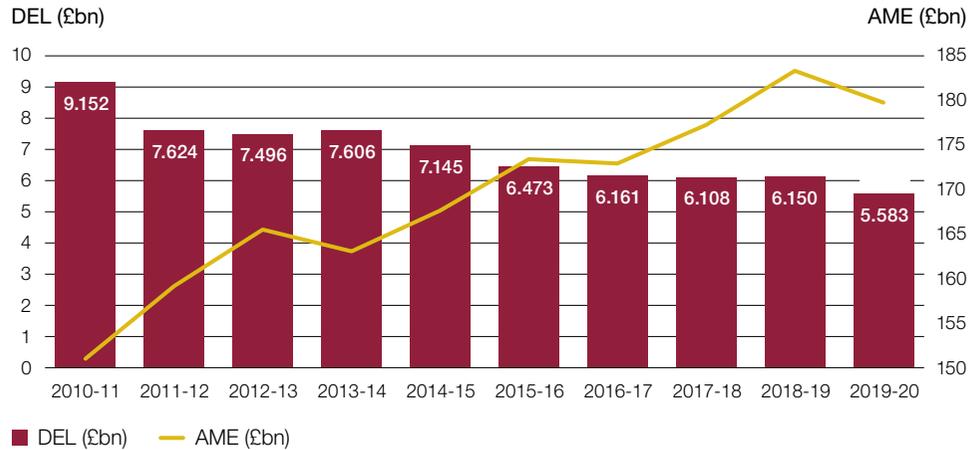
DWP has reduced its costs by reducing its staff numbers and spending on programmes such as the Work Programme (which aimed to get the long-term unemployed into work).

Qualified accounts

Despite efforts to tackle the causes of fraud and error, over- and underpayments mean DWP's spending does not match that agreed by Parliament. The Comptroller and Auditor General has qualified the accounts on the basis of regularity every year since 1988-89.

The Comptroller and Auditor General also qualified his audit opinions on the Child Maintenance Client Funds Accounts 2016-17, prepared by DWP for the 1993 and 2003 Child Maintenance Schemes. DWP is responsible for collecting money from parents who do not live with their child and paying this to parents caring for the child. DWP has since closed the 1993 and 2003 Child Maintenance Schemes.

DWP is reducing running costs while administering increasing benefit payments



- Notes**
- 1 DEL – Departmental Expenditure Limit: DWP's annual running cost. Revenue expenditure only. Annual capital expenditure excluded.
 - 2 AME – Annual Managed Expenditure: DWP's spending on benefit payment 2018-19 and 2019-20 are planned figures.

Source: Department for Work & Pensions, *Annual Report and Accounts 2017-18*, pages 56, 152, 154 and 182

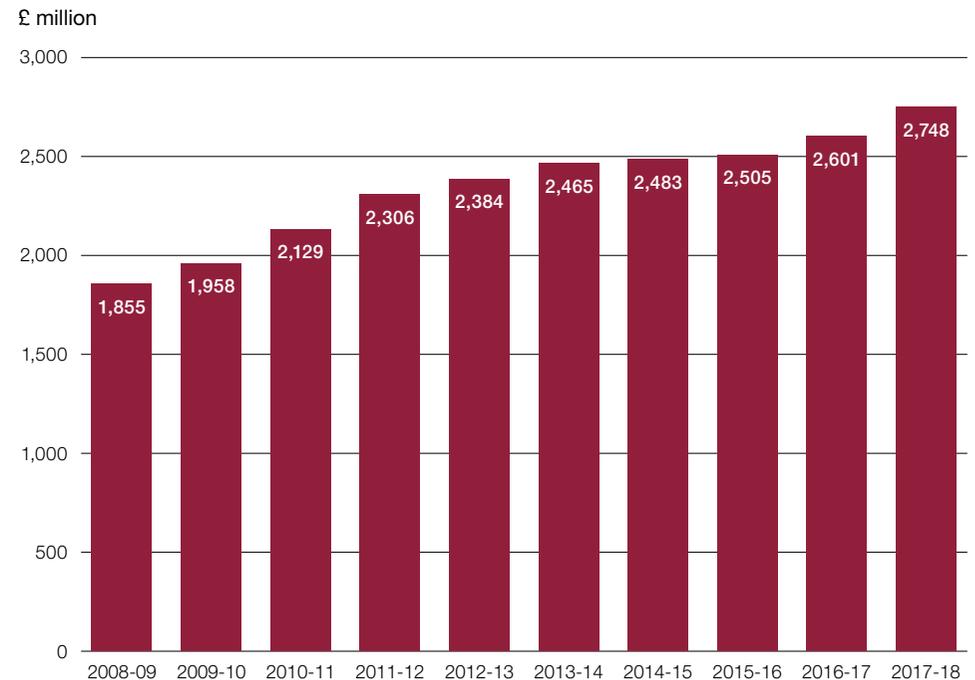
Debt management

The National Audit Office report *Tackling problem debt* (September 2018) found that problem debt across government has significant consequences both for individuals and the taxpayer. It estimated that the minimum annual cost to the public purse of the direct impact of problem debt was £248 million.

At 31 March 2018, DWP was owed more than £2.7 billion as a result of overpayments of benefit, up from nearly £1.9 billion in 2008-09. These debts are due to either fraud or error, where DWP deems the claimant to be at fault. DWP seeks to recover these overpayments, often by making deductions from future benefit payments.

The amount of debt that DWP manages will increase more rapidly in future as a result of Universal Credit. Of people on Universal Credit, 60% currently receive an advance that needs to be paid back. DWP will also receive an estimated £5.9 billion of gross Tax Credits debt by 2023 from HM Revenue & Customs.

DWP is managing an increasing amount of debt arising from overpayment of benefits



Source: Department for Work & Pensions, *Annual Report and Accounts 2017-18*, page 181

Fraud and error

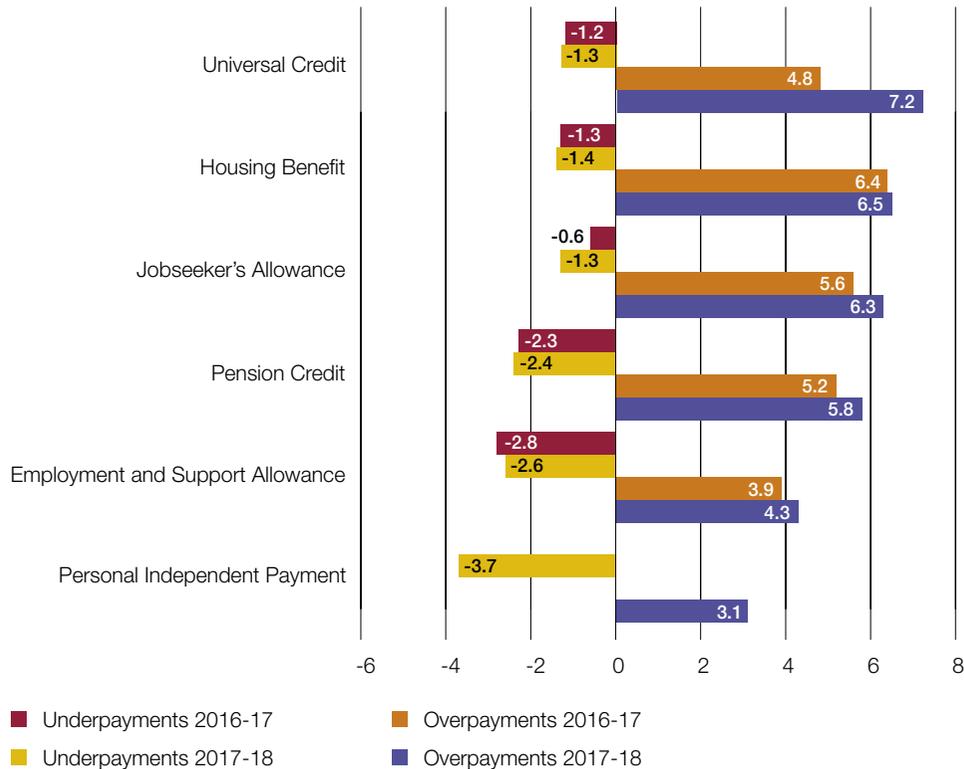
Benefit payments are susceptible to fraud and error, both by claimants and by DWP.

Overpayments have continued to increase for continuously measured benefits. These are the highest recorded estimated rates since they were measured in this way. Personal Independence Payment was reported separately for the first time for 2017-18.

The estimated rates of fraud and error are highest among the Department's newer benefits, such as Universal Credit (overpayments) and the Personal Independence Payment (underpayments), which have more complicated calculations and eligibility criteria. State Pension has the lowest rate of fraud and error, as it has relatively simple conditions of entitlement.

The estimated percentage rates of overpayments and underpayments in benefit expenditure in 2016-17 and 2017-18

Percentage of the value of benefit expenditure



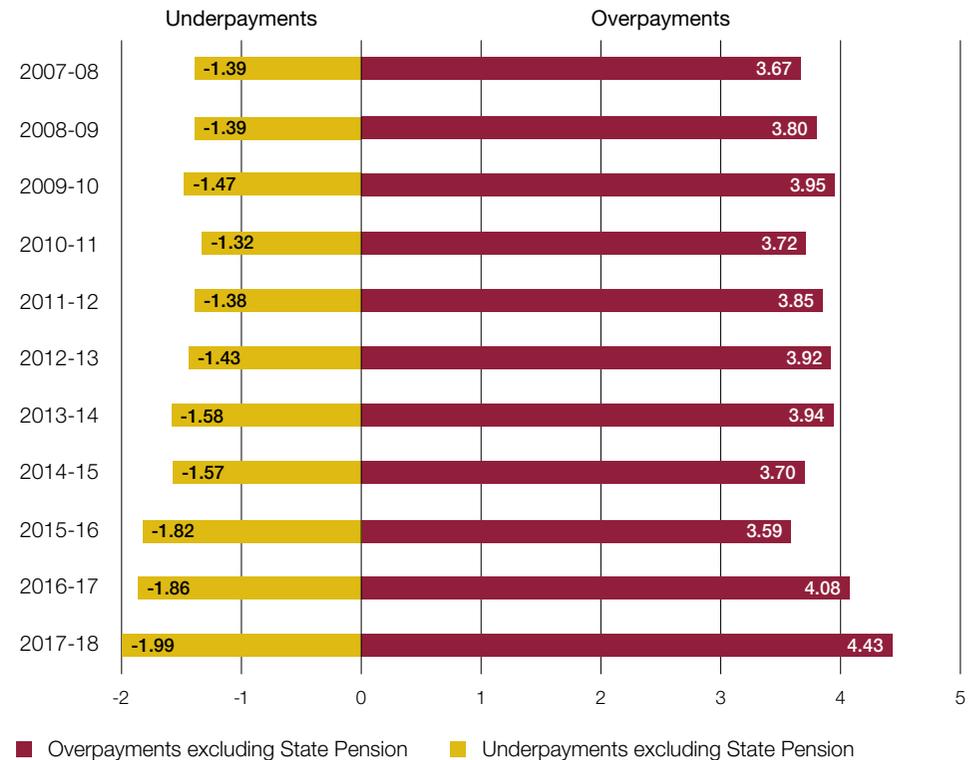
Source: Department for Work & Pensions, Annual Report and Accounts 2017-18, page 174

In total, an estimated £5.4 billion of all benefits, excluding State Pension, were overpaid or underpaid in 2017-18, due to fraud and error. Of this, an estimated £3.7 billion was overpaid, or 4.4% of the value of benefit expenditure, and an estimated £1.7 billion was underpaid, or 2.0% of the value of benefit expenditure. Official error was responsible for around £0.5 billion of the underpaid benefits.

DWP matches income the claimant has reported against information held by HM Revenue & Customs. DWP plans to automate data-matching further to prevent overpayments. DWP has begun work on an alerts service to notify it of changes in earnings, employment and pension data, for a range of benefits, in real time.

Overpayments and underpayments for all benefits excluding State Pension, 2007-08 to 2017-18

Percentage of the value of benefit expenditure



Source: Department for Work & Pensions, Annual Report and Accounts 2017-18, page 173



CONTENTS



NEXT



PREVIOUS



LAST PAGE VIEWED

Fraud and error: causes and impact



What is the impact of fraud and error?

Fraud and error is a significant problem in benefit expenditure. DWP relies on claimants providing timely and accurate information, particularly when their circumstances change, and the complexity of benefits can cause confusion and genuine error. Correcting errors can lead to additional administrative work and uncertainty for claimants. In some cases it can lead to claimants missing out on a significant amount of money. In others, claimants receive more than they are entitled to.

What are the causes of fraud and error?

DWP has developed a Fraud, Error and Debt strategy, through to 2022. This is based in part on NAO recommendations, and focuses on improving its understanding of the main causes of fraud and error and using these to reduce fraud and error at its source. This work has shown that untimely and inaccurate reporting of income and earnings remains the largest cause of fraud and error by value.

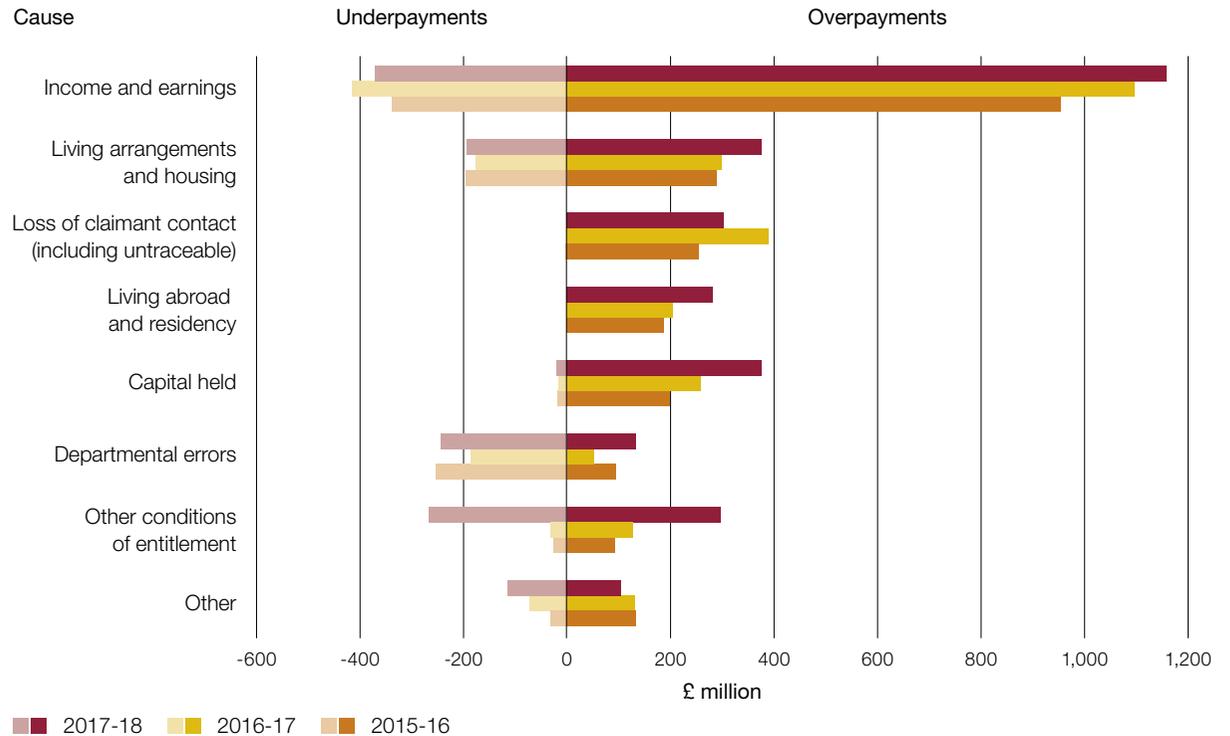
What is DWP doing about fraud and error?

The Fraud Error and Debt Programme (FEDP) aims to transform the way DWP prevents and detects fraud and error and how it recovers debt by delivering new digital services and replacing ageing IT systems. DWP believes this will produce substantial benefit and administrative savings. Its initiatives include increased use of real-time information on claimants' employment income and enhancing its analytical and intelligence capabilities.

Our 2018 Investigation into errors in Employment and Support Allowance looked at one of the systemic causes of underpayment and what impact this has had on claimants. Since 2011, DWP has underpaid around 70,000 people who transferred to Employment and Support Allowance from other benefits and were incorrectly not paid certain means-tested premiums. DWP could owe some people up to £20,000. It expects to pay £340 million in arrears by April 2019. However, the total extra Employment and Support Allowance payable may be up to £830 million. DWP is also reviewing the impacts of a decision to pay arrears back to the date of conversion to Employment and Support Allowance.

Causes of fraud and error in measured benefits by value

Untimely and inaccurate reporting of income and earnings is the largest cause of fraud and error by value



Note

1 For more detailed information, see the Department for Work and Pensions *Annual Report and Accounts 2017-18*, page 176.

Source: Department for Work & Pensions, *Annual Report and Accounts 2017-18*, page 176

DWP has carried out a programme of welfare reforms which it aims will make the benefit system fairer and will help manage the costs of welfare. DWP has brought in measures including:

- measures to control spending, including a benefit cap; a benefits freeze; and removal of the spare room subsidy or 'bedroom tax';
- Universal Credit, transforming how out-of-work benefits are paid and administered;
- measures to make the State Pension more sustainable, including increasing the State Pension age; and
- reform of incapacity benefits to focus on a claimant's functional capabilities and the importance of moving towards employment.

Our 2015 report *Welfare reform – lessons learned* found that DWP had accomplished a great deal since 2010. It had taken on an unprecedented number of reforms while cutting costs and managing a surge in demand, following the economic downturn. DWP had shown that it could introduce and adapt programmes flexibly in the face of uncertainty and turn around difficult major programmes after early failings. But we also found that DWP had relied too heavily on reacting to problems and had not always been able to anticipate likely points of failure, or set up leading indicators for performance and progress. We recommended that it:

- plan more openly for failure;
- design management information in from the start; and
- build an integrated view of portfolio risks and capability.

Summary of lessons from welfare reform



Source: National Audit Office assessment of lessons across the core management cycle

Welfare reform: Universal Credit

What is Universal Credit?

Universal Credit is DWP's largest programme of welfare reform. It will replace six means-tested benefits for working-age households. Its aims are to:

- encourage more people into work through better financial incentives, simpler processes and increasing requirements on claimants to search for jobs;
- reduce fraud and error; and
- be cheaper to administer than the benefits it replaces.

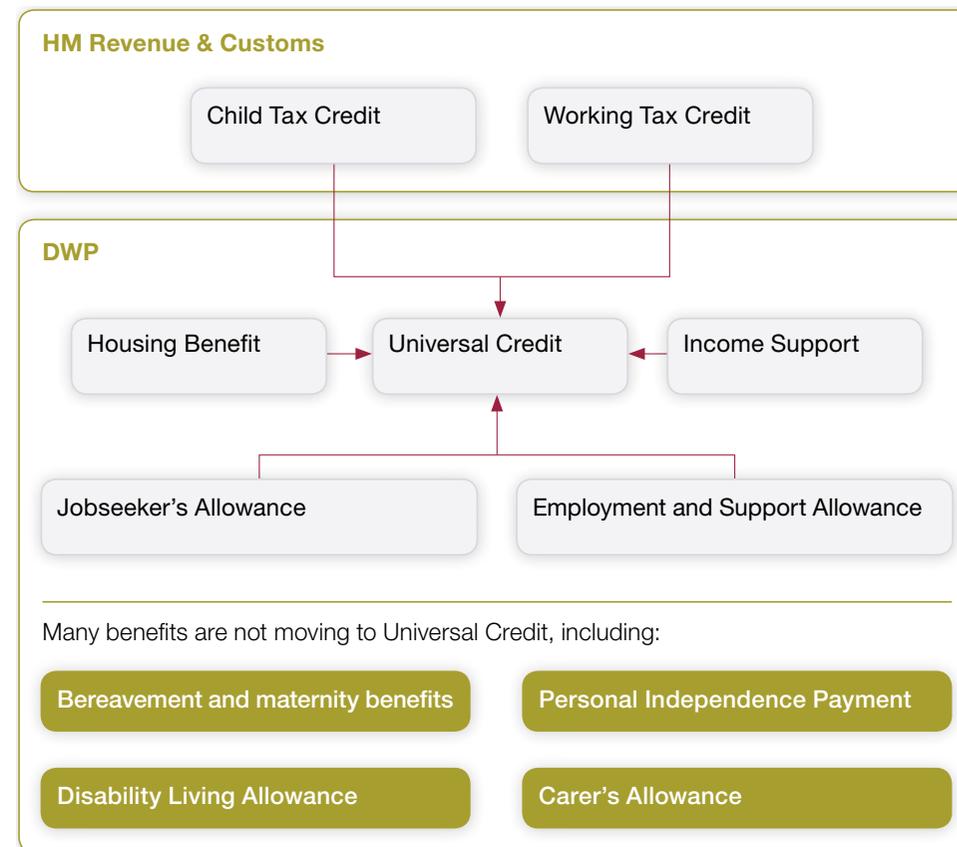
In 2018, we reported on DWP's Rolling out of Universal Credit

DWP started work on Universal Credit in 2010, but struggled with its early development. It reset the programme in 2013 and had since changed its programme plans several times. It had got a grip of the programme management and it expected its full service to be available in all jobcentres by the end of 2018. Meanwhile, nearly one million people were already on Universal Credit, but DWP had still to migrate those on the benefits that Universal Credit replaces, which it expected to start in 2019 and finish in 2023. At the time of our report, there was no realistic alternative but to continue, as it would be both complex and expensive to revert to legacy benefits.

We found some elements of Universal Credit were working well, but that some claimants had struggled to adjust to the way Universal Credit works. We saw evidence from those who work with claimants that at least a significant minority of claimants had suffered difficulties and hardship during the roll-out of Universal Credit. One in five claimants did not receive their full payment on time and Universal Credit was creating additional costs for local organisations that help administer Universal Credit and support claimants. They told us that DWP had not always been responsive to the issues they raised.

DWP expects the programme to eventually deliver £8 billion of net benefits a year, but this depends on some unproven assumptions. These include whether the employment impact identified in early evaluations could be replicated; whether the programme could be made to cost less than the systems it replaces; and whether it would reduce fraud and error. DWP will never be able to measure whether Universal Credit actually leads to 200,000 more people in work, because it could not isolate the effect of Universal Credit from other economic factors in increasing employment.

We concluded that Universal Credit was not value for money, and that its future value for money was unproven. We recommended that DWP works with delivery partners to establish a shared evidence base for how Universal Credit was working in practice and to ensure that its operational performance and costs improved sustainably before it increased its caseloads through managed migration.



Sources: National Audit Office, *Rolling out Universal Credit*, June 2018; Benefit Expenditure and Caseload Tables, 2018



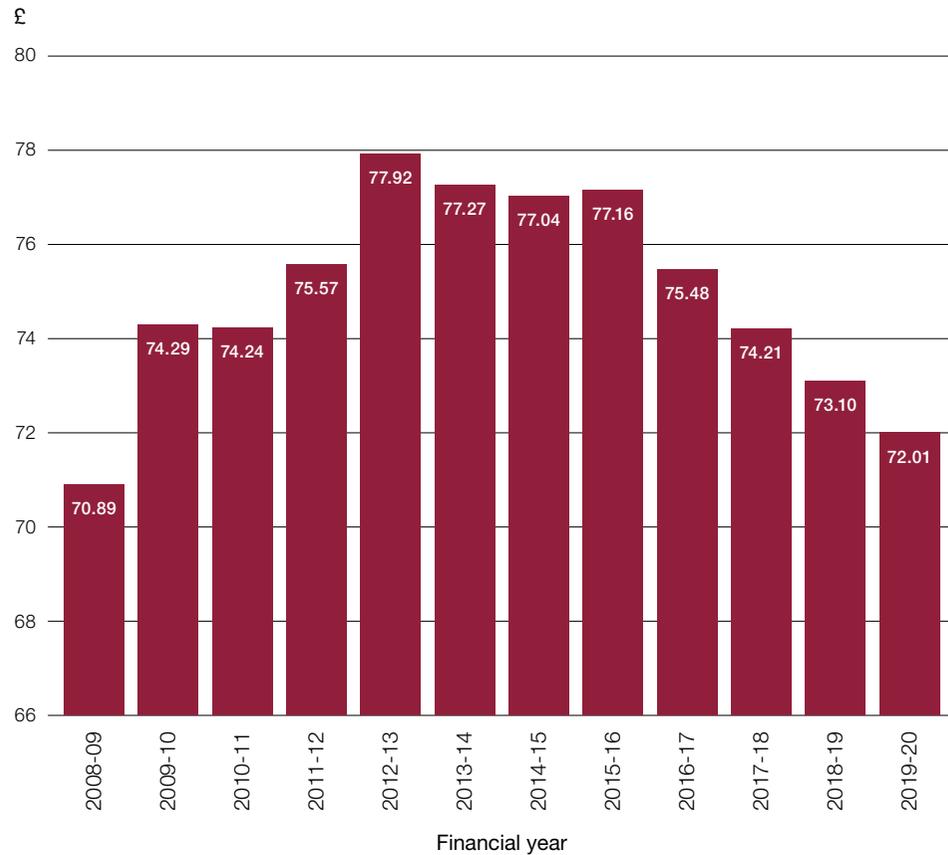
Welfare reform: Impacts on claimants

Benefit freeze

As part of measures to help manage the costs of welfare, the government brought in a four-year freeze on working-age benefits. An impact of the reform is that the amount which Jobseeker's Allowance claimants receive has been falling in real terms over the most recent years.

Basic rate of Income Support and Jobseeker's Allowance for single people over 25, in real terms

Weekly benefit payments have fallen in real terms over recent years



Note

1 2018-19 GDP deflators at market prices.

Sources: Historical Rates of Social Security Benefits; Department for Work & Pensions, Benefit and Pensions Rates

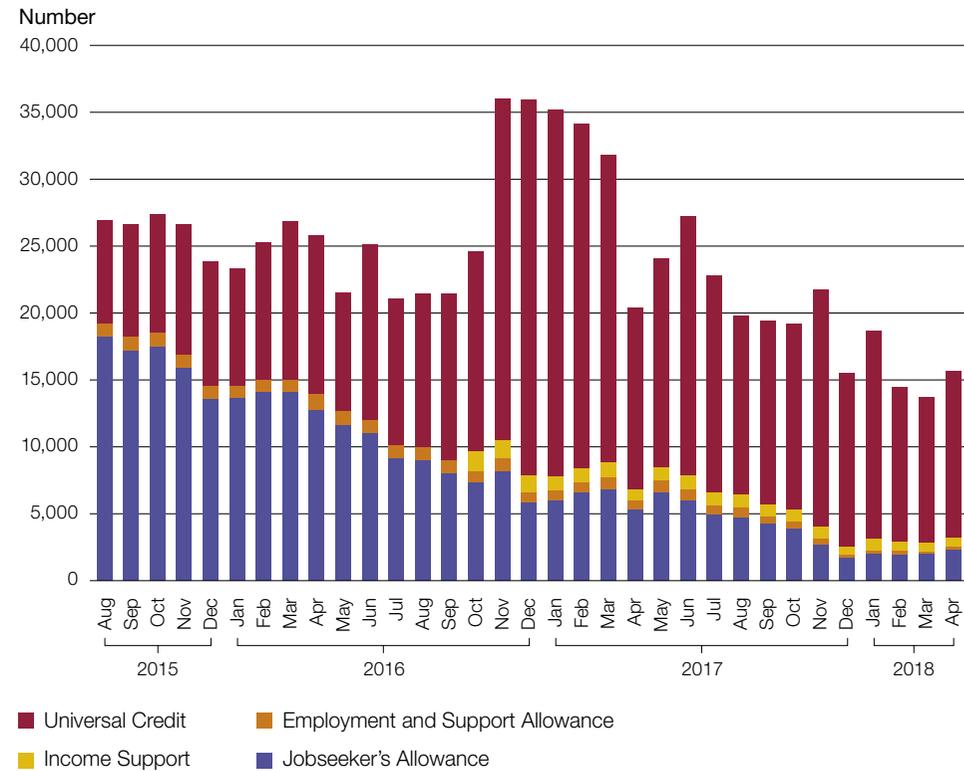
Sanctions

A sanction is a reduction or stoppage of benefit payments when claimants do not show they are meeting one or more conditions of their benefit claim, without good reason.

Of Universal Credit sanction decisions between May 2017 and April 2018, 71% occurred due to the claimant's failure to attend or participate in a work-focused interview.

Number of decisions made as to whether to apply a sanction or not

The total number of sanction decisions peaked in December 2016



Note

1 Monthly data are not available on Income Support sanctions before October 2016 or for Universal Credit sanctions before August 2015.

Source: Benefit sanctions statistics to April 2018



CONTENTS



NEXT



PREVIOUS



LAST PAGE VIEWED

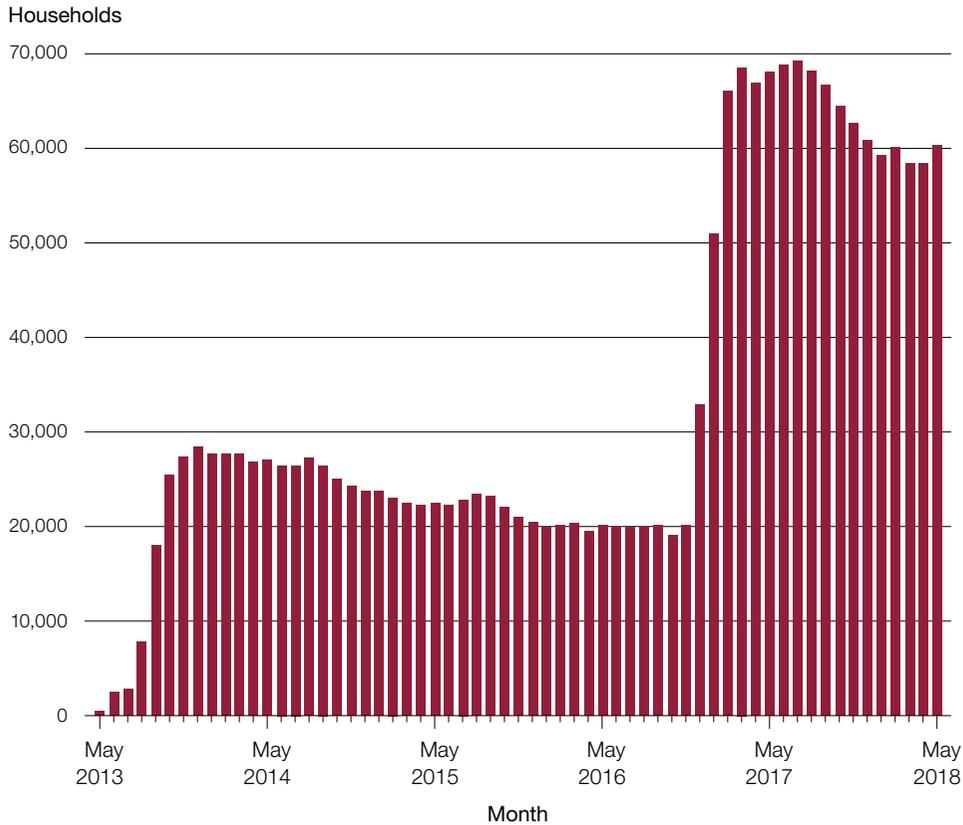
Welfare reform: Impacts on households and workers' pensions

More households are now subject to the benefit cap

Since April 2013, some working-age households have had a limit on the total amount of benefits they can receive. The maximum amounts from April 2013 were £500 a week for couples and lone parents, and £384 a week for singles, nationally. As part of the Government's welfare reforms, the cap was lowered in November 2016 to £384 a week for couples and lone parents, and £257 for singles, with higher rates in London. An impact of the reductions was an immediate increase in the number of households affected by the cap.

Households affected by the Housing Benefits cap

The number of households affected by the benefit cap peaked in 2017



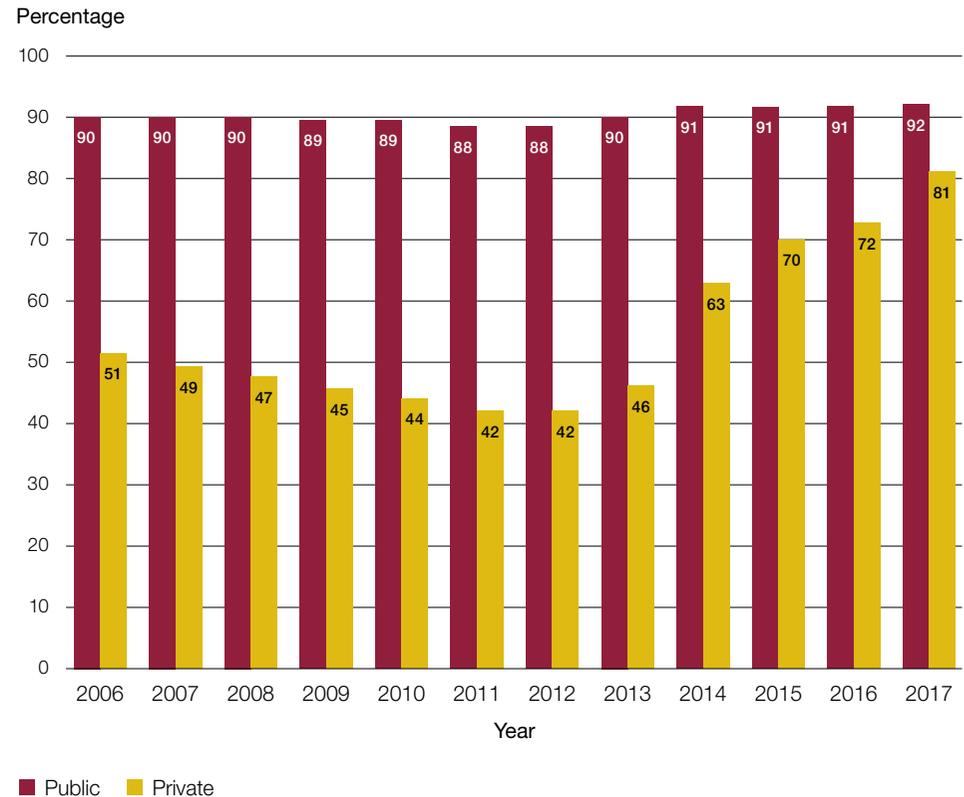
Source: Department for Work & Pensions; Benefit Cap Statistics Households capped to May 2018

Private sector participation in workplace pensions increased following automatic enrolment

The introduction of automatic enrolment of staff into their workplace pensions reversed the decline in the number of people with a workplace pension and amounts being saved into these pensions. Automatic enrolment began in October 2012. It is increasing significantly the proportion of workers in the private sector taking part in a workplace pension scheme. In 2017, the number of eligible people enrolled in a workplace pension in the private sector was 12.9 million, up from 5.8 million in 2011.

Percentage of eligible employees participating in workplace pensions 2006 to 2017

The percentage of eligible employees participating in private sector workplace pensions has been increasing since 2012



Source: Official statistics; Workplace pension participation and saving trends, 2007 to 2017

DWP customer service and operations management

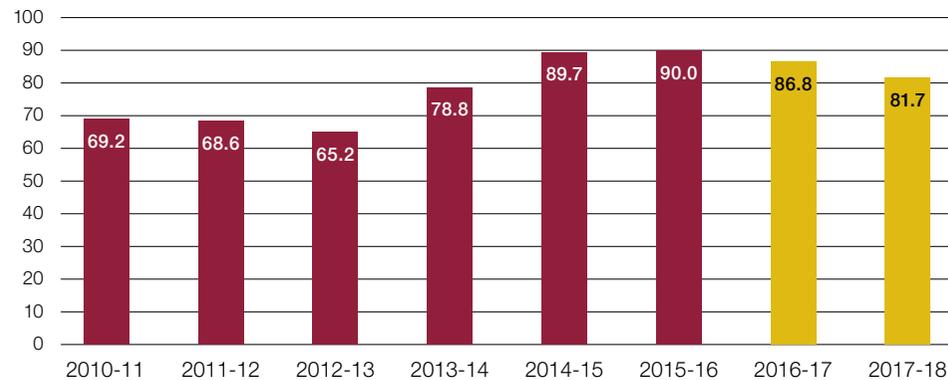
DWP intends to provide quicker, easier and more efficient services for its customers through both continuous improvement and digital transformation. Its aims include:

- expanding its online and service centre channels with customers;
- introducing online applications;
- aligning jobcentres and service centres for Universal Credit;
- providing consistent support and service;
- improving its telephone service; and
- extending weekday opening hours.

New claims processed within planned timescales

2017-18 saw a fall in new claims processed within planned timescales

Percentage



■ JSA, ESA, IS (%)

■ JSA, ESA, IS, SP, PC, DLA, PIP, CMS (%)

Notes

- 2010-11 to 2015-16: Jobseeker's Allowance (JSA), Employment and Support Allowance (ESA), Income Support (IS).
- 2016-17 to 2017-18: Jobseeker's Allowance (JSA), Employment and Support Allowance (ESA), Income Support (IS), State Pension (SP), Pension Credit (PC), Disability Living Allowance (DLA), Personal Independence Payment (PIP), and Statutory Child Maintenance (CMS).
- This is a new indicator. No data are available before 2016-17. Historical data for JSA, ESA and IS are also shown. Due to the change in the methodology the measures are not directly compatible.

Source: Department for Work & Pensions, *Annual Report and Accounts 2017-18*, page 77

Measuring customer service performance

DWP measures its performance on customer service through two indicators:

- customer and claimant satisfaction with DWP services; and
- new claims processed within DWP's planned timescales for each benefit.

After two years of improving customer satisfaction scores, last year saw a 2% (statistically significant) fall in satisfaction. Timeliness in processing new claims also fell significantly from 86.8% to 81.7%.

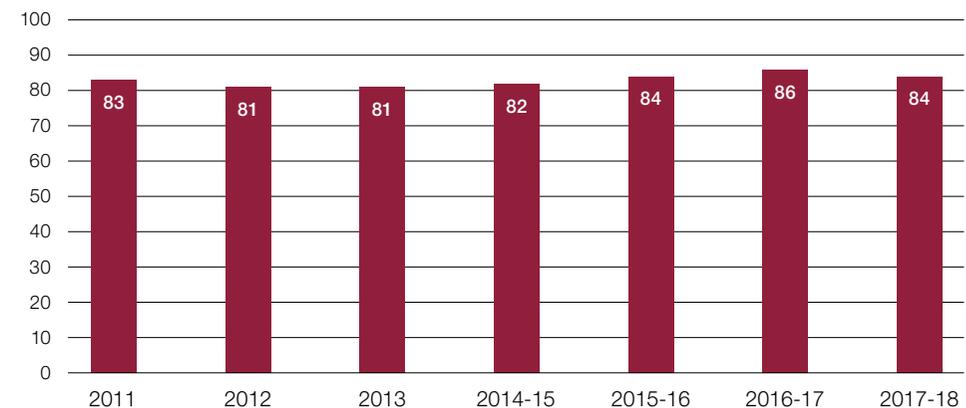
DWP's official statistic of new claims processed within planned timescales excludes Universal Credit. In June 2018, the National Audit Office examination [Rolling out Universal Credit](#) reported that one in five claimants were not being paid in full payment on time. This was slightly improved from 2017 when DWP paid around 113,000 new claims late, approximately 25% of all new claims. On average these were paid four weeks late.

Paying Universal Credit payments on time can be more important than for traditional benefits, because the target for payment is itself longer (five weeks for Universal Credit, compared with two weeks for Jobseeker's Allowance) and the payment typically represents a larger part of the claimant's household income.

Customer and claimant satisfaction with DWP services

2017-18 saw a fall in customer and claimant satisfaction with DWP services

Percentage



Source: Department for Work & Pensions, *Annual Report and Accounts 2017-18*, page 76



CONTENTS



NEXT



PREVIOUS



LAST PAGE VIEWED

Customer complaints about DWP

In 2017-18, DWP received 49,974 complaints. This is down from 50,817 complaints in 2016-17. The total number of complaints about Universal Credit has increased, but complaints have fallen as a proportion of the total number of people on the benefit, which has grown over this period.

If people are unhappy with DWP's final response to their complaint, they can ask the independent case examiner (ICE) to investigate. The ICE acts as an impartial referee and provides a free service, by looking at both sides of a complaint and, if necessary, recommending how things can be put right. If the claimant and DWP agree what needs to be done, the examiner then checks that DWP does what has been agreed. The number of customer complaints about DWP to the ICE more than doubled from 2,324 in 2015-16, to 5,342 in 2017-18.

Customer disagreements with DWP's benefit decisions

People who disagree with a DWP decision about benefits, tax credits or child maintenance, can ask DWP to look again at its decision – this is called a 'mandatory reconsideration'.

For Work Capability Assessments for Employment and Support Allowance, the percentage of mandatory reconsiderations which led to a revised allowance was 23% in April 2018. The number of mandatory reconsiderations registered in April 2018 stood at 12,000 after peaking at 22,000 in March 2017.

For Personal Independence Payments, the percentage of mandatory reconsiderations which led to a change was 22% of all new decisions made in April 2018. In total by the end of April 2018, 781,000 mandatory reconsiderations had been registered for Personal Independence Payments, and 141,000 new decisions had an award changed.

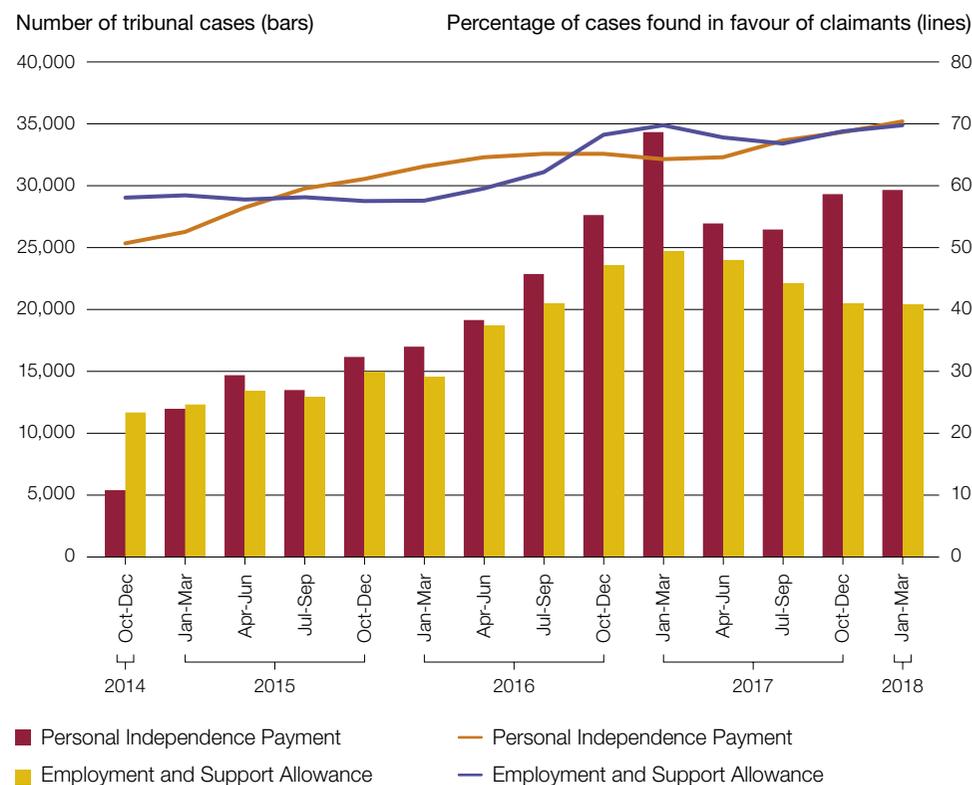
Customer appeals against DWP's benefit decisions

DWP decisions on whether a person is entitled to benefit, or liable to receive or pay child maintenance, generally carry a right of appeal. Following a mandatory reconsideration decision, the claimant may be able to dispute the decision further by appealing to Her Majesty's Courts & Tribunals Service. The tribunal will consider the decision evidence and any additional evidence provided by the claimant, and will either uphold or overturn the DWP decision.

Decisions are increasingly challenged by claimants and are being overturned by independent tribunals. Between January to March 2018, 66% of all Social Security and Child Support tribunals which were cleared at hearings found in favour of the claimant. More than 70% of Personal Independence Payment and Employment Support Allowance appeals found in favour of the claimant. This has increased from 53% of Personal Independence Payment appeals and 59% of Employment and Support Allowance appeals in January to March 2015.

Percentage of appeal cases found in favour of claimants

An increasing percentage of cases win their appeals against DWP decisions



Source: Tribunal statistics; Tribunals and gender recognition certificates statistics quarterly; April to June 2018



DWP communications and services to customers

National Audit Office examinations on DWP have highlighted areas for improvement in DWP's service to customers, around its quality of decisions on benefits and its information for claimants.

- The examination on Benefit sanctions (November 2016) found that DWP had not used sanctions consistently, and concluded that it needed to do more to show that the quality of referrals and sanction decisions had improved.
- The examination on The impact of State Pension reforms on people with Guaranteed Minimum Pensions (March 2016) found DWP had failed to give clear information for people with these pensions.
- The examination on Child maintenance: closing cases and managing arrears on the 1993 and 2003 schemes (March 2017) reported that some parents found that closing long-standing Child Support Agency cases could be disruptive and lead to confusion about the amount owed.

DWP contracted services

In 2017-18, the core DWP spent £2.2 billion on goods and services, of which it spent £341 million on capital procurement. DWP has commercial contracts for services which are provided directly to claimants and customers, such as health assessments and employment support. The performance of DWP's strategic contracts directly affect the standards of service its customers receive. In recent years, DWP has invested in improving its commercial capability and improving its contract management. Recent findings from our work include:

- Our January 2016 study on Contracted-out health and disability assessments found that DWP's contracted providers for Health and Disability Assessments were not meeting expected performance levels and that DWP needed to break a perpetuating cycle of optimistic targets. It recommended that DWP develops an overall commercial strategy for assessments, set challenging realistic targets for its providers, and engage with them to learn from previous experience. In 2018, DWP extended these contracts and postponed their re-procurements until 2019.
- Our 2014 study on The Work Programme found flaws in DWP's contracts, meaning it was potentially making payments for keeping people in work who were not in employment. DWP subsequently renegotiated the contracts, changing the way contractors were paid. In autumn 2017, DWP replaced the Work Programme with the Work and Health Programme; it let £400 million worth of contracts to deliver the programme in England and Wales and devolved responsibility for contracted employment support to the Scottish Government.
- Our 2017 work on DWP's estate was mentioned in our report The Ministry of Defence's arrangement with Annington Property Limited (January 2018). DWP renegotiated leases for more than 900 commercial sites. DWP found that it initially underestimated the demands of this work. It brought in people with expertise in managing estates transformation, and eventually built a new team of more than 130 civil servants and secondees. This helped it to renew leases across its estate and develop a new way of managing its facilities. DWP has forecast that in 2018-19 it will deliver cash savings of more than £100 million in its estate running costs from reducing its estate.



What to look out for

Issues	What to look out for
Fraud and error	The Comptroller and Auditor General has qualified DWP's accounts for 30 years. This year the monetary value of fraud and error has increased again. DWP is developing a new Fraud, Error and Debt strategy, focused on identifying and tackling the systemic causes of fraud and error. It also hopes that Universal Credit will reduce fraud and error through increased automation and use of real-time information.
DWP's legal obligations on underpayments to claimants	DWP underpays claimants an estimated £1.7 billion each year. Of this, £470 million is due to official error. Where DWP identifies a systemic cause of underpayments, it has an obligation to review past cases to assess who has been affected and to make back payments. In 2017-18 it identified underpayments affecting an estimated 70,000 people who transferred to Employment and Support Allowance from other benefits. It also identified underpayments of people on Personal Independence Payments, following a court case that challenged its interpretation of the law. DWP has allocated 400 staff to correcting its underpayments on Employment and Support Allowance.
Universal Credit	Universal Credit is transforming the way DWP delivers working-age benefits. There are nearly one million claimants on Universal Credit, but there are another 7.5 million expected still to join. The process of moving those on the benefits it replaces to Universal Credit is expected to start in 2019 and to end in 2023. Our report set out how some claimants have struggled to adapt to Universal Credit and suffered difficulties and hardship as a result; and how organisations that work with these claimants felt that DWP was not listening to their concerns. We recommended that DWP improve the tracking of progress towards its intended benefits; ensure that operational performance and costs improve before increasing caseloads through managed migration; work with delivery partners to establish how Universal Credit is working in practice; and make it easier for third parties to support claimants.
Exiting the European Union	As the UK moves to exiting the EU in March 2019, DWP has seven main work streams related to leaving the EU. It has to identify and assess the factors most likely to affect its operations, controls and performance. This includes developing the specialist capabilities needed, and the robustness of its internal governance and planning arrangements for a number of EU Exit scenarios. DWP will need to manage reciprocal arrangements with EU members for people from the EU living in the UK and vice versa. It will also need to manage the replacement of the European Social Fund funding and the operation of its replacement, the Shared Prosperity Fund.
Contracting	DWP is dependent on a number of contracted providers for its customer service in a number of areas, including the Work and Health Programme and health assessments. In the past we have commented about shortcomings in its commercial capability. In recent years DWP has invested significantly in its commercial capability and contract management. It hopes that this will lead to improved outcomes, customer service and reduced costs.
Pensions	The 2018 white paper <i>Protecting Defined Benefit Schemes</i> set out DWP's view that a tougher approach is needed against employers which make irresponsible decisions that impact negatively on their pension schemes. The paper's proposals responded to a Work and Pensions Select Committee recommendation for greater powers to the <i>Pensions Regulator</i> . The <i>Pension Protection Fund</i> recently took on pension schemes from employers including Carillion, Toys R Us and Hoover, with deficits totalling £1.2 billion and is taking on House of Fraser. The Pensions Act 2008 placed a duty on employers to automatically enrol jobholders into, and to contribute to, pension schemes. So far, nearly 10 million people have been automatically enrolled into a workplace scheme by their employer, with 9% choosing to opt-out.
Child maintenance and arrears	DWP has made proposals intended to improve compliance in the Child Maintenance Service and to tackle arrears built up under the Child Support Agency. DWP's response to consultation set out its Compliance and Arrears strategy aimed at prioritising collecting money for children; encourage collaboration between parents; introducing tougher enforcement measures and aiming to collect money against arrears built up under Child Support Agency (CSA) schemes.

