National Audit Office

Departmental Overview 2020-21

Department for Work & Pensions

November 2021

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.

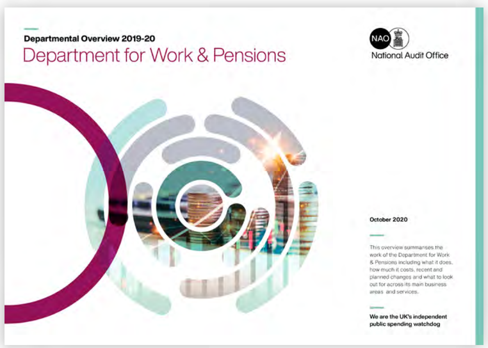
We are the UK's independent public spending watchdog

What this guide is about

This overview summarises the work of the Department for Work & Pensions (the Department) 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.

The guide includes:

- the Department's services;
- how the Department uses it resources; and
- the consequences of COVID-19 for the Department's services



This report updates our previous overview, Departmental Overview 2019-20: Department for Work & Pensions, published in October 2020.

How we have prepared this guide

The information in this guide draws on the findings and recommendations from our financial audit and value-for-money programme of work, and from publicly available sources, including the annual report and accounts of the Department and its bodies.

We have cited these sources throughout the guide to enable readers to seek further information if required. Where analysis has been taken directly from our value-for-money or other reports, details of our audit approach can be found in the Appendix of each report, including the evaluative criteria and the evidence base used.

In a few cases we have drawn on information provided directly by the Department for this and our general audit engagement. This is labelled as NAO analysis of the Department's information.

Other relevant publications

More information about our work on the Department, as well as information about our other recent and upcoming reports can be found on the NAO website.

About the National Audit Office

The National Audit Office (NAO) is the UK's independent public spending watchdog. We scrutinise public spending for Parliament and are independent of government and the civil service. We help Parliament hold government to account and we use our insights to help people who manage and govern public bodies improve public services.

The Comptroller and Auditor General (C&AG), Gareth Davies, is an Officer of the House of Commons and leads the NAO. We audit the financial accounts of departments and other public bodies. We also examine and report on the value for money of how public money has been spent.

In 2020, the NAO's work led to a positive financial impact through reduced costs, improved service delivery, or other benefits to citizens, of £926 million.

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Contents

About the Department

The Department is responsible for the delivery of welfare, pensions and child maintenance policy.

> *The Department's mission is to improve people's quality of life, both now and in the future.*

Since the 2020 Spending Review, each government department has produced an Outcome Delivery Plan to set out its priority outcomes, its strategy for achieving them, and the metrics it will use to track performance.

The Department's Outcome Delivery Plan (ODP) sets out the Department's plan to **deliver** its objectives; **achieve its priority outcomes**; and **carry out its mission**.

Core Objectives:

1. **Maximising employment and in-work progression.**
2. **Improving people's quality of life.**
3. **Delivering excellent services for citizens and taxpayers.**

To deliver on these objectives the Department will focus on **four priority outcomes**.

Priority Outcomes:

1. Maximise employment across the country to aid economic recovery following COVID-19.
2. Improve opportunities for all through work, including groups that are currently under-represented in the workforce.
3. Address poverty through enabling progression into the workforce and increasing financial resilience.
4. Deliver a reliable, high-quality welfare and pensions system which customers have confidence in.

The Department serves more than 20 million claimants and customers, including:

People seeking employment

Through, for example, Jobcentre Plus

Supports people into work by providing employment advice and matching people to suitable job vacancies. The Plan for Jobs delivers employment programmes and initiatives, such as the Job Entry Targeted Support and Kickstart schemes, to ensure that all citizens have access to effective support to get back into work.

People with a disability or a health condition

Through, for example, the Work and Health Programme

Helps people with health conditions or disabilities enter into and stay in work using the expertise of private, public, voluntary and community sector providers.

People planning for or in retirement

Through, for example, The Money and Pensions Service

Provides information and guidance to enable people to make the most of their money and pensions. Services delivered include State Pension and Pension Credit, along with responsibility for Winter Fuel Payments and Cold Weather Payments.

Children and families

Through, for example, Child Maintenance Options

A free service providing impartial information and support to separated parents. The Department's Child Maintenance Service can provide a calculation and payment schedule for separated parents who cannot agree an arrangement themselves. For a fee the Child Maintenance Service can also collect these child maintenance payments on behalf of separated parents.

For a full list of services available to each user group, see 'Performance Report' section of Department for Work & Pensions, Annual Report and Accounts 2020-21.

How the Department is structured

The Department is led by the Secretary of State for Work and Pensions with the permanent secretary as its most senior civil servant.

The departmental family includes the Core Department, 11 public bodies, one pension scheme (Remploy Pension Scheme Trustees Limited), the Independent Case Examiner and BPDTS Ltd.[1]

The departmental group (the Core Department and five consolidated bodies) had more than 85,000 full-time equivalent (FTE) staff at the end of 2020-21. The Core Department is managed in groups, each led by a director general. Legal support is provided by the Government Legal Department.

The Core Department

Director General groups

Service Excellence	Work and Health Services	Change and Resilience	Policy[2]	Finance	Digital	People, Capability and Place
DEL spend **£795m**	DEL spend **£2,060m**	DEL spend **£401m**	DEL spend **£278m**	DEL spend **£1,244m**	DEL spend **£1,043m**	DEL spend **£879m**
Responsible for:	Responsible for:	Responsible for:	Responsible for:	Responsible for:	Responsible for:	Responsible for:
■ Counter Fraud Compliance and Debt. ■ Retirement Services. ■ Child Maintenance. ■ Customer Experience. ■ Dispute Resolution Services. ■ Service Transformation and Service Planning and Delivery.	■ Disability Services. ■ Working Age. ■ Universal Credit operations.	■ Major change projects and programmes. ■ Universal Credit programme. ■ Business continuity, resilience and crisis management. ■ Fraud and error.	■ Providing portfolio overview and support to ministers. ■ Developing proposals for change. ■ Managing the Department's welfare spending.	■ Core finance function. ■ Commercial services. ■ Planning and performance management. ■ Reporting. ■ Business strategy. ■ Governance advice. ■ Security. ■ Business partnering. ■ Estates funding. ■ Contracted programmes.	■ Digital, data and business transformation services. ■ Information management.	■ Organisation design and development. ■ Human Resources services and business partnering. ■ Talent and engagement. ■ People strategy. ■ Workplace and estates strategy.

The Department's public bodies employ around 4,900 (FTE) staff with DEL expenditure of £430 million in 2020-21[3]

Departmental Family

Public corporations	Executive non-departmental public bodies	Tribunal or advisory non-departmental public bodies	Other
■ Pension Protection Fund. ■ National Employment Savings Trust. ■ Office for Nuclear Regulation.	■ The Pensions Regulator. ■ ■ Health and Safety Executive. ■ ■ Disabled People's Employment Corporation (GB) Ltd.[4] ■ BPDTS Ltd.[1] ■ ■ Money and Pensions Service. ■	■ The Pensions Ombudsman.[5] ■ ■ Pension Protection Fund Ombudsman. ■ Industrial Injuries Advisory Council. ■ Social Security Advisory Committee.	■ Remploy Pension Scheme Trustees Limited. ■ Independent Case Examiner.

■ Consolidated bodies that fall within the Department's accounting boundary

Source: Statement of operating costs by operating segment, Department for Work & Pensions Annual Report and Accounts

Notes

1 BPDTS Ltd was an unclassified public entity providing digital and technology services to the Department. It was closed and its functions transferred to the Core Department on 1 July 2021.

2 There are two director general roles within the Policy Group: Labour Market Policy and Implementation Policy and Disability; and Health and Pensions Policy.

3 Excluding public corporations which fall outside the Department's accounting boundary.

4 Disabled People's Employment Corporation (GB) Ltd entered members' voluntary liquidation on 7 October 2017.

5 The role of Pensions Ombudsman and Pension Protection Fund Ombudsman are legally separate but, in practice, are delivered by the same person supported by a single body.

Performance against the Outcome Delivery Plan

In July 2021 the Department published its four Priority Outcomes, which underpin its 2021-22 Outcome Delivery Plan. It set out 10 key metrics that it uses to monitor its performance. It has not, however, set any targets for these metrics.

1 Maximise employment across the country to aid economic recovery following COVID-19

Employment rate for 16–24 year olds

52.2%

(May–Jul 2021)

This is **3.4% lower** than before the pandemic (Dec 2019 to Feb 2020) but a 1.9% increase on the previous quarter (Feb–Apr 2021).

Employment rate for 16–64 year olds

75.2%

(May–July 2021)

This is **1.3% lower** than before the pandemic (Dec 2019 to Feb 2020) but a 0.5% increase on the previous quarter (Feb–Apr 2021).

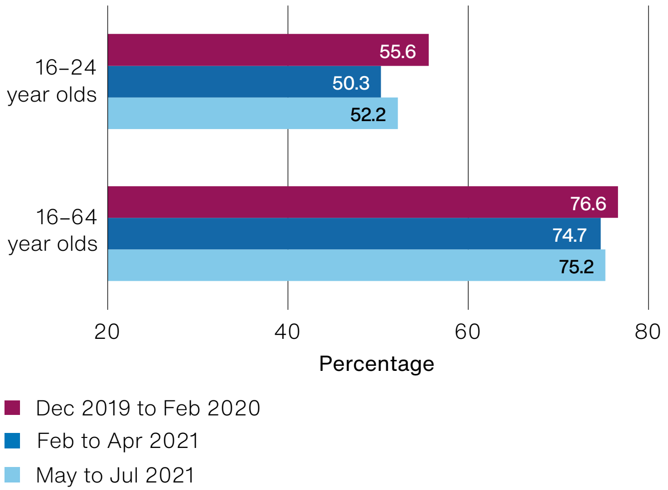
Number of participants in Kickstart

96,664

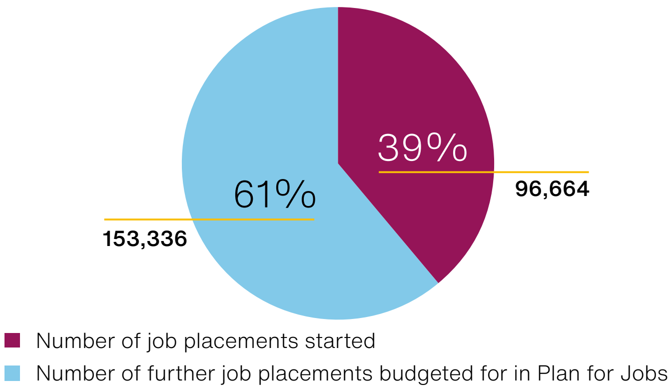
(1 Nov 2021)

The Plan for Jobs funded 250,000 roles through Kickstart.

Employment rate for 16–64 year olds



Number of participants in Kickstart



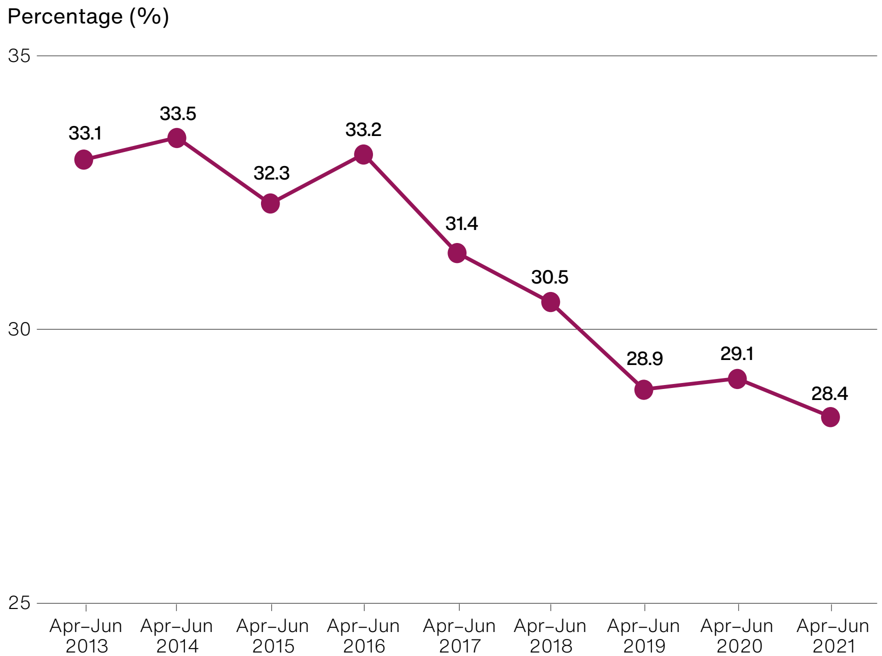
2 Improve opportunities for all through work, including groups that are currently under-represented in the workforce

Disability employment rate gap (%)

28.4% **(Apr–Jun 2021)**

The gap **increased by 0.2%** in Apr–Jun 2020 compared with the previous year, but has now **fallen by 0.7%**; back below pre-pandemic levels.

Disability employment rate gap



Performance against the Outcome Delivery Plan continued

3 Address poverty through enabling progression into the workforce and increasing financial resilience

Number of children in workless households

1.33 million
(Apr–Jun 2021)

Equal to **10.4% of children in the UK**. This increased for the first time in 11 years in 2020, and has increased again in 2021. There are now **0.15 million more** children in workless households than in 2019, before the pandemic.

Absolute poverty before housing costs (%)

14.0%
(2019-20, most recent data available)

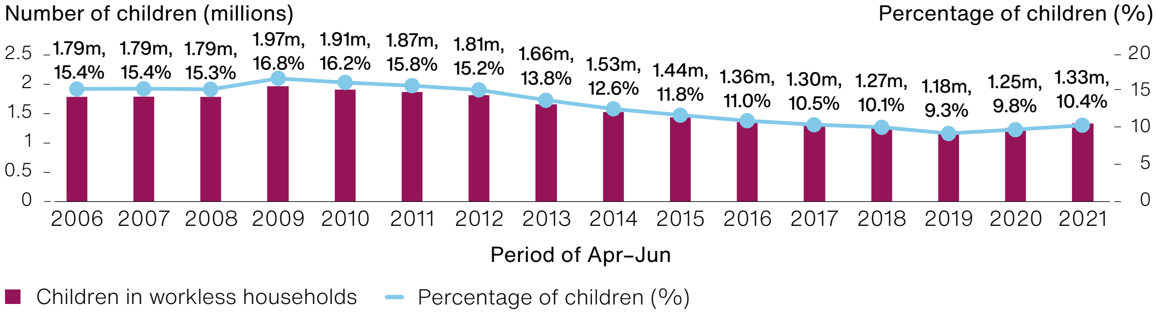
Equal to 9.2 million people in 2019-20. This **decreased by 0.5 million** between 2018-19 and 2019-20. However, the Department has not yet evaluated the impact of the pandemic on this measure.

Claims processed within planned timescales (%)

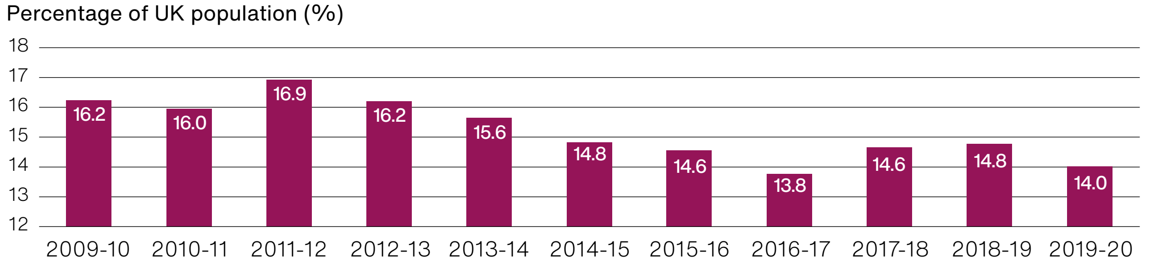
82.3%
(2020-21)

A 5.6% improvement on 2019-20, which the Department says is due to improved automation and prioritisation activity, and a growth in online claims. The Department changed the services included in these data in 2016-17 and 2019-20.

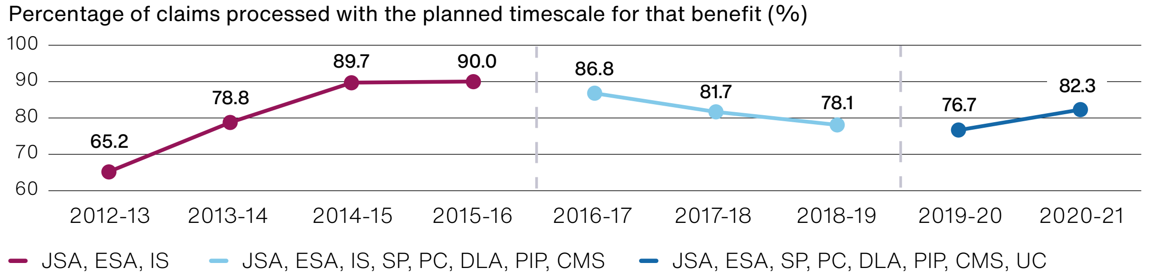
Number of children in workless households



Absolute poverty before housing costs



Claims processed within planned timescales



Note

1 JSA = Jobseeker's Allowance; ESA = Employment Support Allowance; IS = Income Support; SP = State Pension; PC = Pension Credit; DLA = Disability Living Allowance; PIP = Personal Independance Payment; CMS = Child Maintenance Scheme; UC = Universal Credit.

Performance against the Outcome Delivery Plan continued

4 Deliver a reliable, high-quality welfare and pensions system which customers have confidence in

Fraud and error

£8.4 billion overpayments

3.9% of total benefit expenditure (2020-21)

This has **increased by £3.8 billion** since 2019-20 when 2.4% of benefit expenditure was overpaid.

£2.5 billion underpayments

1.2% of total benefit expenditure (2020-21)

This **increased by £0.5 billion** since 2019-20 when 1.1% of benefit expenditure was underpaid.

Claimants satisfied with the Department's services overall

89%

(2020-21)

COVID-19 prevented the completion of the Customer Experience Survey in 2019-20. The 2020-21 survey used a new methodology so direct comparisons to previous years should not be made.

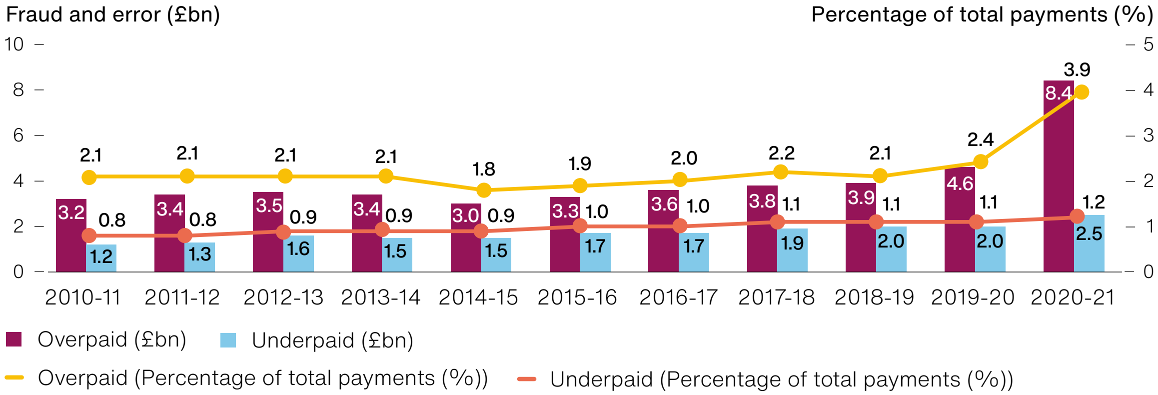
Number of people automatically enrolled in workplace pensions

10.5 million

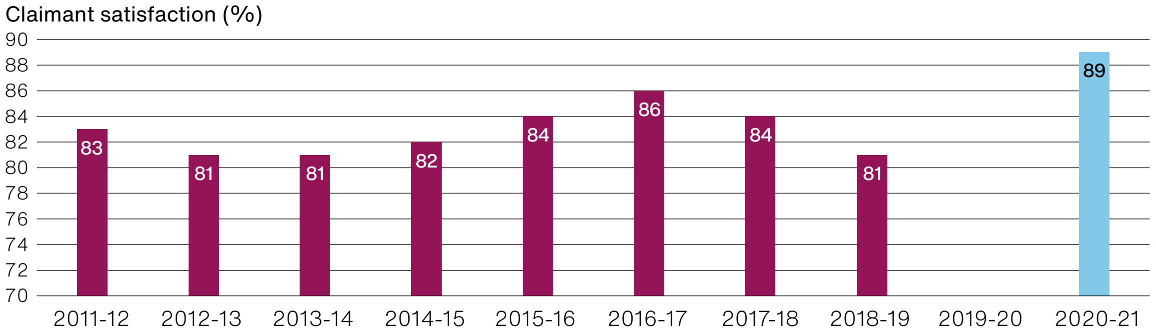
(March 2021)

This has **increased by 0.2 million** people since March 2020.

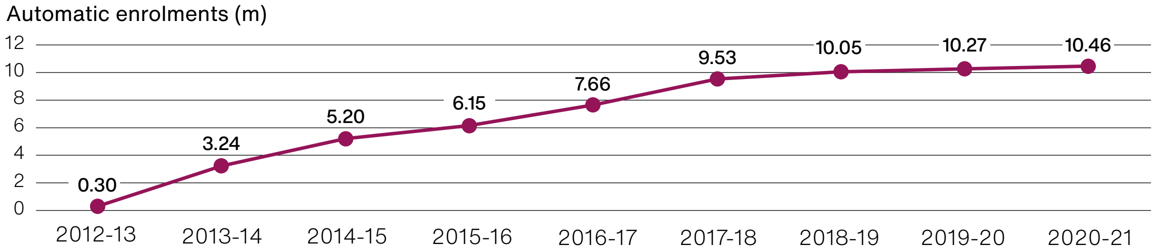
Fraud and error



Claimants satisfied with Department services overall



Number of people automatically enrolled in workplace pensions



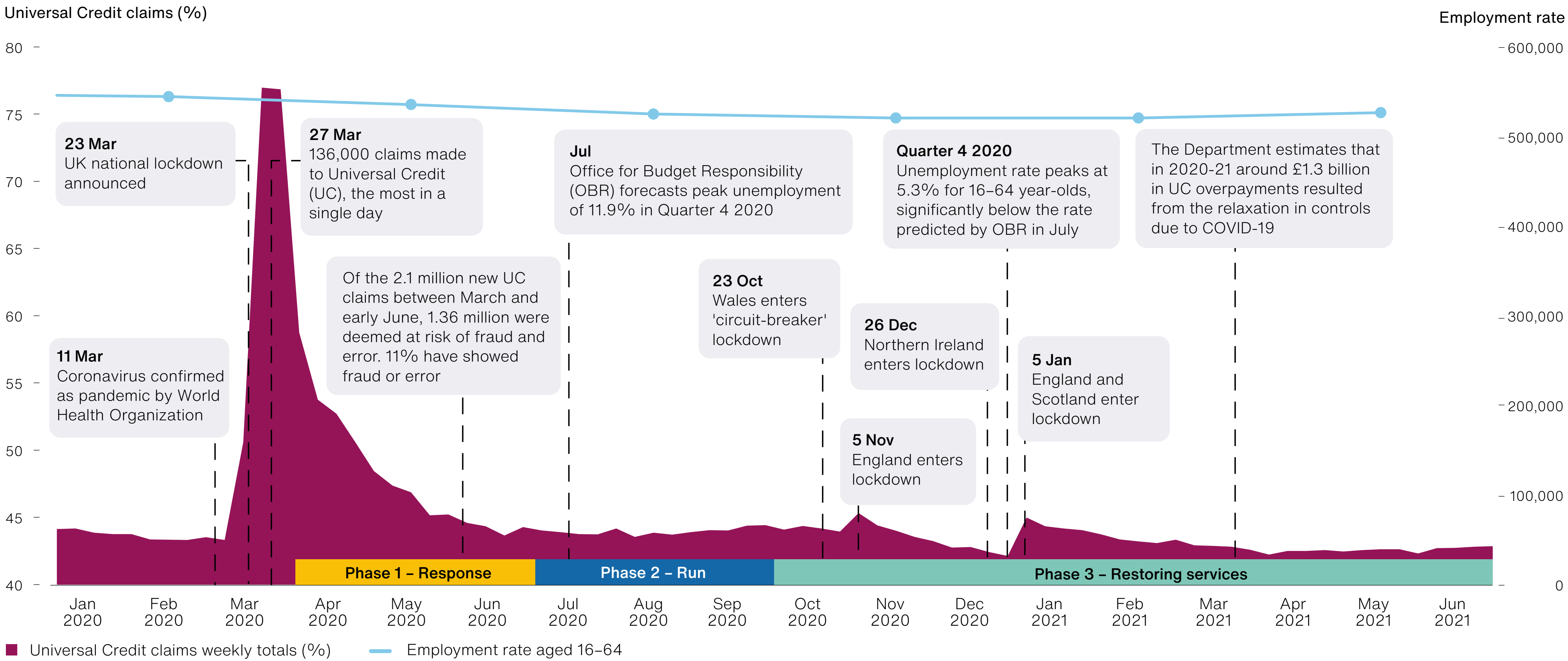
The Department's response to the COVID-19 pandemic

The Department's COVID-19 response began in March 2020 as it prepared for imminent national lockdown. Benefit claims surged from an average of 8,000 a day in January and February to 136,000 claims on a single day after lockdown was announced. The Department implemented a series of measures to meet the increased demand.

See overleaf for phase breakdown and key

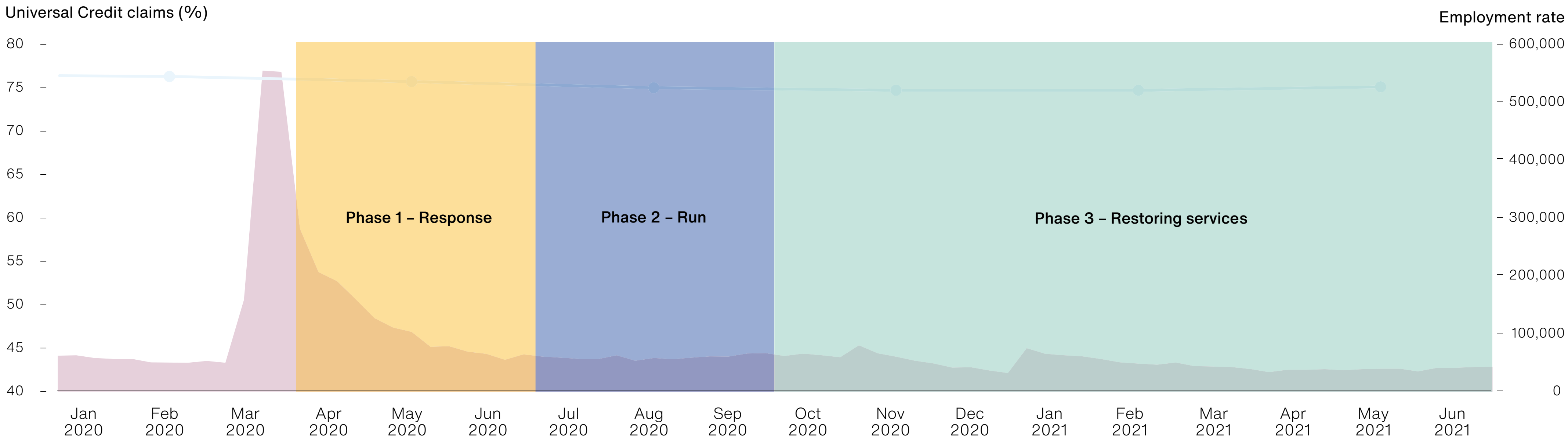
The Department developed a three-phase plan (Response, Run, Restoring services), which aimed to: keep staff and citizens safe; process and pay benefits on time; reduce the effect on unemployment; and minimise fraud and error.

Response to the COVID-19 pandemic



The wider Departmental Group also responded to the pandemic. For instance the Health and Safety Executive worked to ensure workplaces were safe and the Money and Pension Service (MaPS) provided support to the debt advice sector.

Response to the COVID-19 pandemic *continued*



□
○ Fraud and error
△ Digital
◇ Staff
⬡ Department programmes

March 2020

- □ Statutory Sick Pay Rebate Scheme is introduced for small and medium-sized enterprises (SME).
- □ People can claim UC and access advance payments without attending jobcentre appointments if self-isolating.
- □ The minimum income floor is relaxed for self-employed claimants.
- □ Assessments for sickness and disability benefits were suspended for three months.
- □ Claimants no longer have to attend Jobcentre appointments.
- □ Jobcentres closed to the public other than in exceptional cases.
- □ UC conditionality measures such as work search and work availability requirements are suspended.

April 2020

- □ Case reviews used to estimate fraud and error in claims are suspended.
- ○ Department temporarily pauses recovery of benefit debt.
- □ UC standard allowance is increased by £20 per week.
- □ Working Tax Credit (WTC) is increased by £20.

By the end of Phase 1

- △ Around 20,000 digital devices have been delivered to staff.
- ◇ 10,000 Department staff have been redeployed to front-line posts, with a further 1,000 from other government departments.
- □ Across all benefits, more than 200 easements have been put in place in the early months of the pandemic.

July 2020

- ⬡ Rapid Estates Expansion Programme begins.
- ⬡ Recruitment of 13,500 new work coaches begins.
- □ Conditionality requirements and debt collection start to be reintroduced.
- ⬡ The Plan for Jobs programme is announced.

September 2020

- ⬡ The Department's Youth Offer commences and the Kickstart scheme opens for employers.

By the end of Phase 2

- ◇ Many redeployed staff have returned to previous roles.
- △ More than 32,000 digital devices have been deployed, allowing 58,000 staff to work from home.

October 2020

- ⬡ Job Entry Targeted Support (JETS) goes live.

November 2020

- ⬡ Kickstart jobs for 16 to 24-year-olds begins.
- □ COVID Local Support Grant scheme is announced to support those in need with food, energy and other essential costs.

January 2021

- ⬡ Job Finding Support service goes live.

March 2021

- ⬡ Target of 13,500 new Work Coaches is achieved.

June 2021

- ⬡ Restart Scheme commences.

By the end of Phase 3

- △ By the end of 2020-21, over 88,000 digital devices have been deployed enabling around 93,000 staff to work remotely.
- □ Around 100 easements are still in place as the Department continues to transition towards more normal operating processes.

Part One

How the Department spends its budget

The Department for Work & Pensions (the Department) has the largest expenditure budget of any government department. In 2020-21, its total expenditure was £219.6 billion.

The majority of its expenditure relates to benefit payments which totalled £212.2 billion. Most of this was Annually Managed Expenditure (AME).

The largest element of benefit expenditure is paid to individuals of pension age, which in 2020-21 accounted for half (£106 billion) of total benefit spend. The largest element of this is State Pension, which cost £100.8 billion in 2020-21 and continues to increase year-on-year.

A total of £57.2 billion of benefits was paid out to those of working age. The largest element of this was Universal Credit, which accounted for £38.1 billion in 2020-21.

Across people of all ages, disability benefits cost £28.6 billion and £17.7 billion was paid as Housing Benefit in 2020-21.

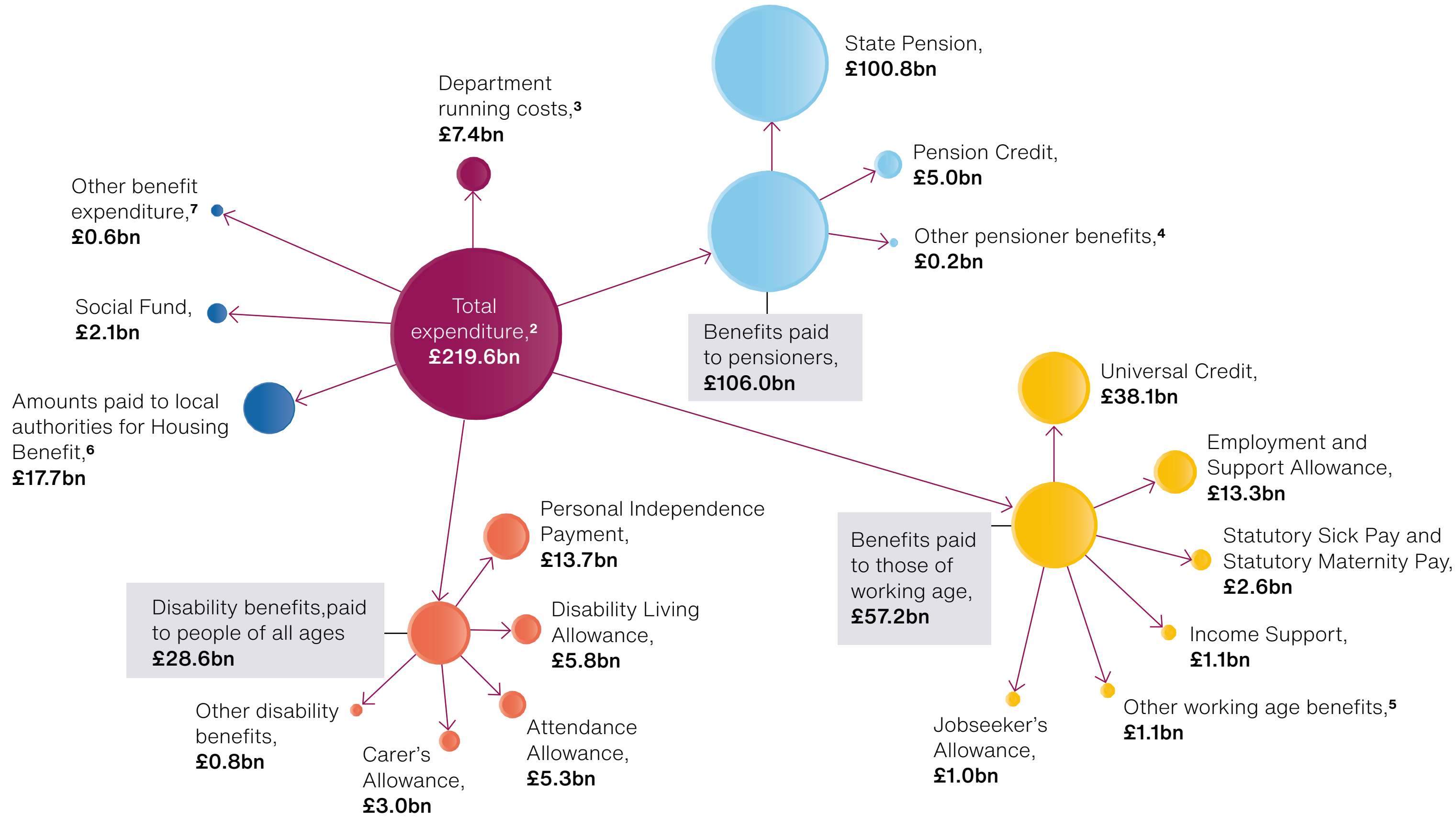
The Department's running costs totalled £7.4 billion in 2020-21. This compares to expenditure through its Departmental Expenditure Limit (DEL) of £7.1 billion.

What do DEL and AME mean?

There are two types of expenditure incurred by the Department recorded against parliamentary control totals:

- AME is more difficult to predict, manage or forecast, so is not subject to multi-year spending limits set in Spending Reviews. AME includes expenditure on most benefits.
- DEL is subject to spending limits set by government Spending Reviews. DEL costs cover its running costs, some discretionary benefit payments and its programme costs.

Department for Work & Pensions' spending 2020-21[1]



Notes

1 Accounting for DEL and AME expenditure is set out in the Consolidated Budgeting Guidance. This differs from figures reported in the Financial Statements which are determined by International Accounting Standards as interpreted by HM Treasury's Government Financial Reporting Manual. Due to these different bases, there are some differences in the reported numbers. Due to rounding, values may differ slightly from those in the Department for Work & Pensions, Annual Report and Accounts 2020-21.

2 Total expenditure of £219.6 billion relates to total operating expenditure. Net operating costs of £218.7 billion also includes operating income, finance income and expense, and donated assets which collectively reduce operating costs by £1.0 billion to £218.7 billion.

3 Department running costs of £7.4 billion correspond closely with DEL expenditure of £7.1 billion, however, the Consolidated Statement of Comprehensive Net Expenditure, from which the figures in this diagram are taken, does not divide expenditure along the lines of DEL and AME.

4 Other pensioner benefits relate include: Christmas Bonus and TV licences for over-75's.

5 Other working age benefits include: Employment programmes, Bereavement benefits, and Maternity Allowance.

6 Housing Benefit is administered by local authorities to both pensioners and people of working age on behalf of the Department.

7 Other benefit expenditure includes programme balances written-off and other related expenditure.

Source: Consolidated Statement of Comprehensive Net Expenditure, Department for Work & Pensions' Annual Report and Accounts 2020-21

How the Department's spending has changed over time

Spending shift towards Universal Credit

The Department currently makes benefit and pension payments to more than 20 million people.

In 2020-21 these payments totalled some £212 billion, around £21 billion more than in 2019-20.

The most significant increase has been in Universal Credit expenditure, which rose by 107% in 2020-21 to £38.1 billion. Universal Credit now accounts for 17.9% of total AME spend, compared with 9.6% in 2019-20.

Rise in Departmental running costs

Over the past decade, the Department has spent more on benefits (mostly AME budget) and less on administration (mostly DEL budget).

However, in responding to the pandemic, the Department boosted its DEL spending: increasing staff numbers, expanding estates, funding labour market initiatives and providing additional citizen support.

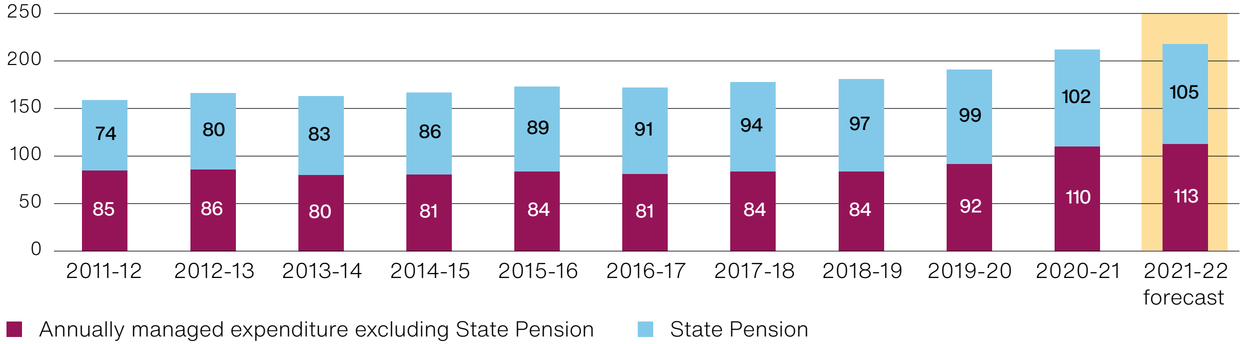
The Department's 2020-21 DEL budget was initially set at £6,180 million – a £106 million increase from 2019-20 to deliver reform and support society. As the pandemic evolved, the Department had to rapidly re-evaluate its priorities to support the government's strategy to tackle COVID-19. After a £6 million budget reduction at the Supplementary Estimate 2019-20, it received an additional £250 million funding at the Main Estimate 2020-21 for service delivery staff and to establish the National Shielding Centre. The Department then received an additional £1,153 million of funding at the Supplementary Estimate 2020-21, increasing its budget to £7.58 billion. Of this, the Department spent £7.13 billion on DEL expenditure, £0.45 billion below the final budget.

In terms of its specific response to COVID-19, the Department spent £19 million in 2019-20 and £1.37 billion in 2020-21. The ongoing impacts of COVID-19 mean the Department estimates total DEL spend in 2021-22 of £9.87 billion.

Department for Work & Pensions' (the Department's) Annually Managed Expenditure (AME) is increasing

In 2020-21, the Department's Resource AME spend increased by £21 billion, primarily due to the impact of COVID-19, the annual up-rating of pensions and the transfer of HM Revenue & Customs Tax Credit claimants onto the Department's Universal Credit. The Department forecasts it will increase by a further £6 billion in 2021-22

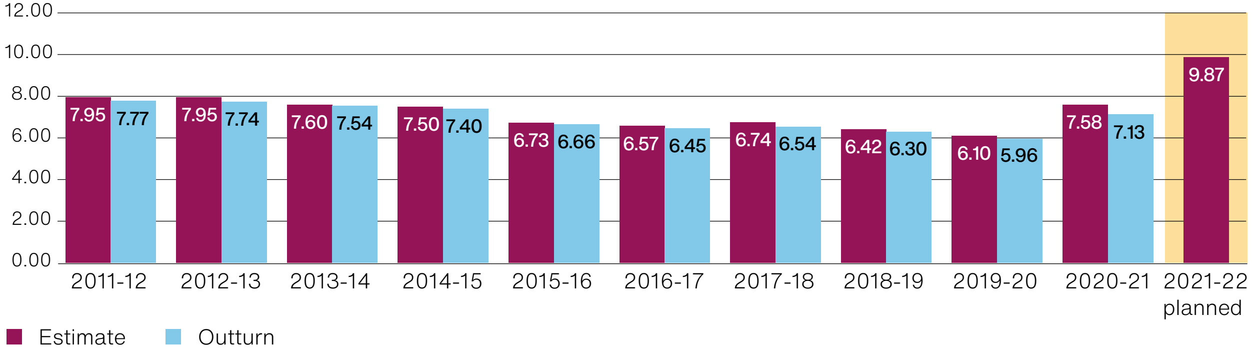
Resource AME Spend (£bn)



Department for Work & Pensions' Department Expenditure Limit (DEL) was falling but is now rising

The Department's running costs fell by more than £1.8 billion in nominal terms between 2011-12 and 2019-20 but has increased by more than £1 billion since then

Total DEL Spend (£bn)



Notes

1 2021-22 planned figure is per the Main Estimate 2021-22 Select Committee Memorandum (May 2021). The Department expects to spend significantly more this year than in previous years due to COVID-19, with the final funding to be confirmed at the Supplementary Estimate at the start of 2022.

2 The Department's DEL costs cover its running costs, some discretionary benefit payments and its programme costs. DEL spend is subject to spending limits set by government Spending Reviews.

Source: National Audit Office analysis of Department for Work & Pensions' financial statements and Main Estimate 2021-22 Select Committee Memorandum (May 2021)

The Department's spend on COVID-19 (whole-life costs of the interventions)

Departmental expenditure on COVID-19

Direct response to the pandemic

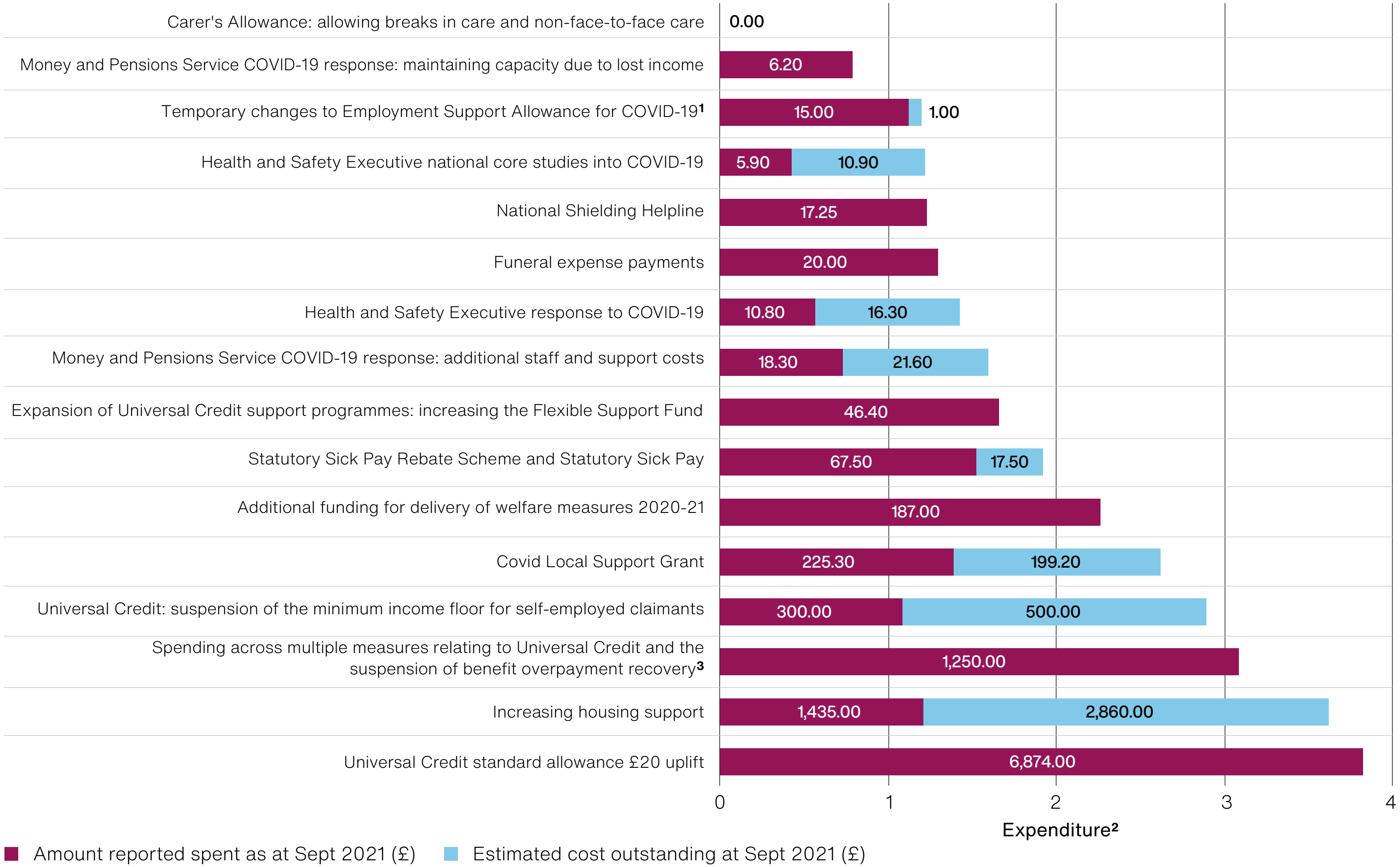
Between March and November 2020, the Department announced a number of measures relating to COVID-19, including benefit easements; support for individuals and businesses; and additional funding for services. These measures were part of the Department's immediate response to meet the increased demand on services as a result of COVID-19.

The latest estimate, as at September 2021, of the total lifetime cost for all direct responses or consequences of COVID-19 is £14.1 billion, of which £10.5 billion had been spent up to September 2021. The measure with the largest expenditure was the £20 weekly uplift to the Universal Credit standard allowance, which was in place from April 2020 until September 2021. At nearly £6.9 billion, this accounts for more than half of the Department's COVID-19 spend to date.

Of these 19 measures, 11 are now completed. 15 are shown separately opposite and four recorded within the line 'Spending across multiple measures relating to Universal Credit and the suspension of benefits overpayment recovery' as spending on these could not be separately broken out. Additional spending of £3.6 billion is expected on the eight active measures (those with estimate costs still outstanding as at September 2021).

Department for Work & Pensions' cost of interventions

Direct response to the pandemic



Notes

1 Figures included here differ from those in the NAO COVID-19 Cost tracker at the time of publication. Costs shown here are the most up-to-date figures and the Cost tracker will be revised to reflect these updates in due course

2 Expenditure is in £ millions and on a logarithmic scale. This means that on the x axis: 1 corresponds to £10 million; 2 corresponds to £100 million; 3 corresponds to £1,000 million; 4 corresponds to £10,000 million.

3 The total spend across these multiple measures is £1,250 million – individual costs are not known. Measures include: Universal Credit Advances can be claimed without attendir a jobcentre, assessments for sickness and disability benefits suspended for three months, jobcentre attendance and other claimant commitments relaxed for three months and suspension of recovery of benefit overpayments.

Source: National Audit Office COVID-19 Cost tracker

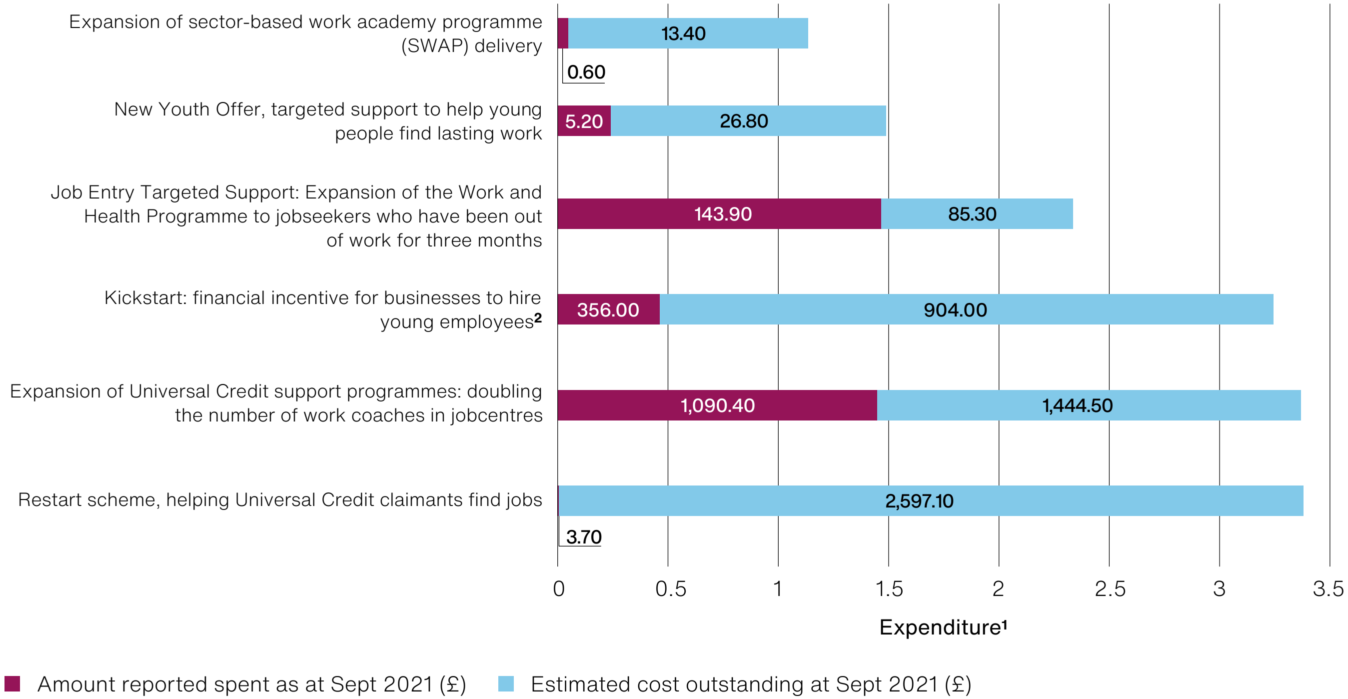
Departmental expenditure on COVID-19 *continued*

Wider recovery measures

The Department also introduced six wider recovery measures in July and November 2020, five as part of the Plan for Jobs, which aim to provide support for people seeking employment – £1.6 billion had been spent on these schemes up to September 2021, and further costs of £5.1 billion are estimated over the lifetime of the schemes.

Department for Work & Pensions' cost of interventions *continued*

Wider recovery measures



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Source: National Audit Office COVID-19 Cost tracker

Staff and pay

Staff diversity

The Department has a diverse workforce compared to the civil service average, but still recognises a remaining challenge in ensuring similar representation in its senior civil service (SCS) grades. For example, 65.5% of Department staff across all grades are women, compared with 50% in the Department's SCS grades. Disabled people and ethnic minorities are also significantly better represented across the Department workforce than they are at the SCS grades.

In 2020-21, there were eight new Departmental SCS grade appointments. Of those who made a positive declaration, 16.7% had a declared disability, 37.5% were women and 28.6% identified themselves as being from an ethnic minority background.

The Department has committed to increasing under-represented groups at all levels, and in 2017 set targets for 2025 for new entrants to the SCS for:

50% women

12% disabled people

13% ethnic minorities

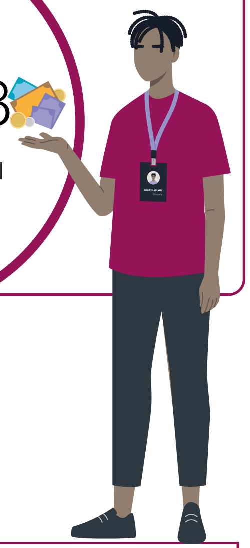
Staff pay

The Department has the highest proportion of junior grade staff of all departments, with 84.1% of staff at executive officer (EO) grade and below.

Its median salary of

£27,668

is lower than the civil service median of **£29,180**



Pay gap

The mean gender pay gap for the Department was

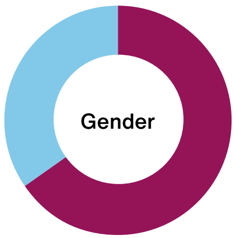
5.4%

in 2020-21

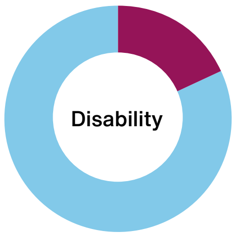
Its mean gender pay gap is slightly better than the civil service mean pay gap of 9.3%. For the majority of the Department's employees (grades AA to EO) the pay gap is in favour of women. However, at more senior grades, the pay gap is in favour of men, resulting in an overall pay gap in favour of men.

Staff and pay continued

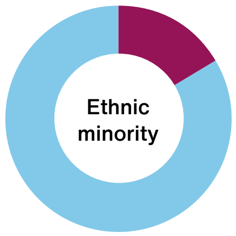
Workforce in the Department for Work & Pensions' 2020-21



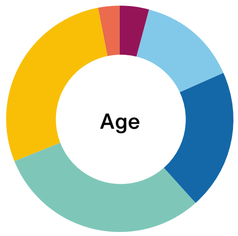
●	Women	65.5%
●	Men	34.5%



●	Disabled	18.2%
●	Non-disabled	81.8%



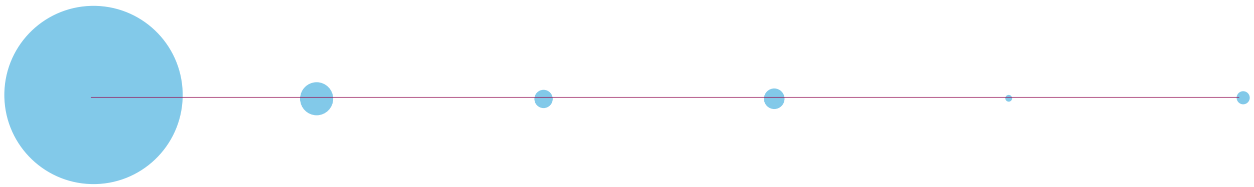
●	Ethnic minority	16.6%
●	White	83.4%



●	16–24	4.4%
●	25–34	14.2%
●	35–44	19.9%
●	45–54	30.4%
●	55–64	28.2%
●	65+	2.9%

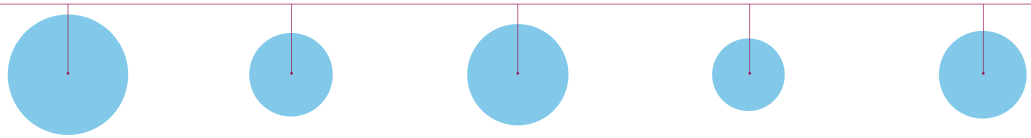
Staff breakdown 2020-21 – average number of staff employed during the year (full-time equivalent (FTE))

Agencies	Core Department	Health & Safety Executive	The Pensions Regulator	BPDTS	The Pensions Ombudsman	Money and Pensions Service[1]
Staff numbers[2] (FTE)	75,368	2,593	791	1,004	108	407
Cost (£000)[3]	3,170,674	157,060	61,838	67,602	6,864	Data not available



Pay multiples 2020-21

	Core Department	Health & Safety Executive	The Pensions Regulator	BPDTS	The Pensions Ombudsman	Money and Pensions Service[1]
Ratio	6.79:1	3.27:1	4.8:1	2.47:1	3.6:1	Data not available
						Data not available
Band of highest paid official's total remuneration (£000)	205–210	135–140	220–225	110–115	140–145	Data not available
Median total remuneration (£)	27,668	42,087	47,000	45,500	40,000	Data not available



Notes

1 The 2020-21 Money and Pension Service (MaPS) Annual Report and Accounts has not yet been certified and so, other than staff numbers which were reported in the 2020-21 Department's Annual Report and Accounts, these figures are not yet available.

2 The Department's 2020-21 Annual Report and Accounts gives the total number of staff as 80,253. The 2020-21 BPDTS Annual Report and Accounts have since been certified and the BPDTS figures have been updated in line with the BPDTS accounts. The total staff numbers above therefore do not match those in the 2020-21 Department Annual Report and Accounts.

3 Staff costs do not include costs charged to capital budgets.

Source: Department for Work & Pensions Annual Report and Accounts 2019-20

Staff and pay continued

Movement in staff numbers and related costs

The Department reduced its workforce by 28% between 2011-12 and 2019-20, before increasing staff numbers by nearly a fifth between 2019-2020 and 2020-21.

Despite the Department reducing its headcount by nearly 30,000 staff between 2011-12 and 2019-20, staffing costs had remained relatively stable at around £3 billion a year, due to an increase in employer pension contributions and staff pay.

In 2020-21, the Department's headcount increased by 12,848 (17.8%) – with staff costs increasing in consequence by £460 million – as it managed the increased demand brought about by the pandemic. The Department set a target of hiring an additional 13,500 people as work coaches as part of its response and achieved this target by March 2021.

Further recruitment in 2021-22

The Department's Outcome Delivery Plan outlines that there will be a total of 90,900 FTE staff in 2021-22; nearly 6,000 more than 2020-21.

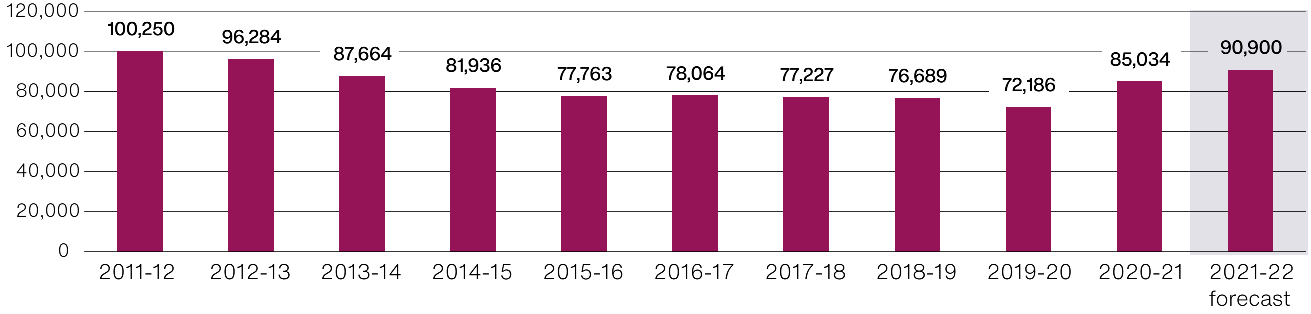
This includes: 3,015 new compliance staff required to help manage fraud and error and 360 additional staff to backfill those transferred to work on the State Pensions underpayments LEAP exercise (see page 25).

Staff costs are expected to increase by around £310 million in response to this (final column, right lower figure). This would be an increase of 8.9% from 2020-21 compared with an expected FTE increase of 6.9%.

Department for Work & Pensions' staff numbers

The number of full-time equivalent (FTE) staff has increased in 2020-21, after several years of reducing staff numbers

Number of staff (FTE) at 31 March 2021



Notes

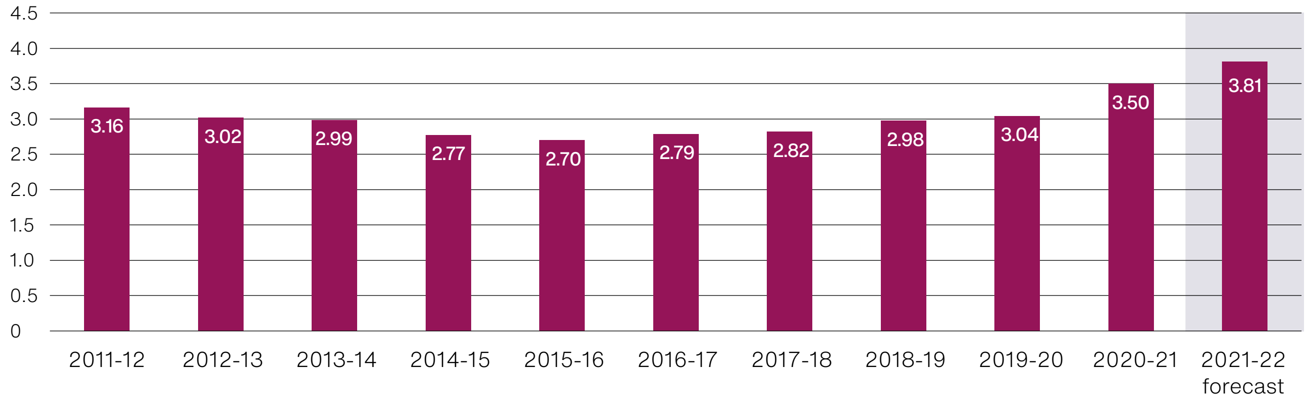
1 Staff numbers are at 31 March each year and differ slightly from those on page 16 which are presented as the average during the year.

2 Forecast figure is taken from the Department's Outcome Delivery Plan.

Department for Work & Pensions' staff costs

Staff costs had remained stable at around £3 billion a year, before increasing to £3.5 billion in 2020-21

Staff costs (£bn)



Source: Department for Work & Pensions Annual Report and Accounts 2020-21 and previous years

Working patterns and the Department's estate

Working patterns

During 2020-21 the Department significantly reorganised itself and re-profiled its work to respond to the surge of demand for working age benefits caused by COVID-19. It redeployed around 10,000 staff to maximise jobcentre and service centre capacity. Most of the staff redeployed to front-line benefit processing have now returned to their original roles, although some are yet to return or have agreed to stay in the role longer-term (see page 19).

The Department has told us that it thinks some areas of its business will have different staffing requirements than before the pandemic, with some areas requiring more staff and some areas requiring fewer. The Department wants flexibility in its future planning, so most of the 13,500 new work coaches were appointed on temporary contracts.

The Department's estate

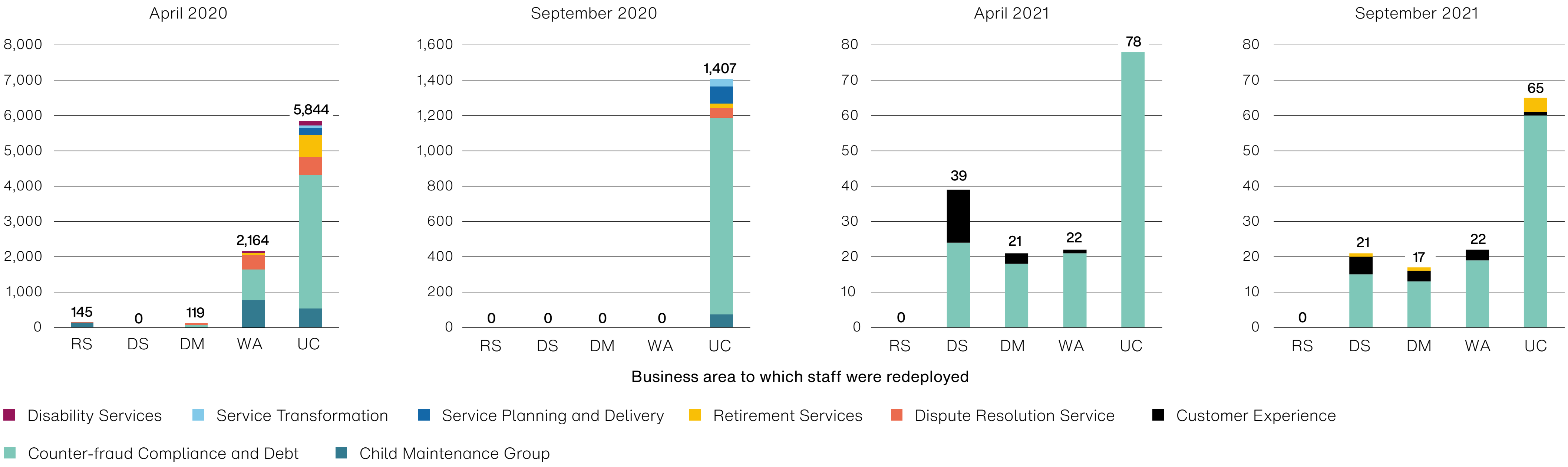
The Department has a total estate of 823 holdings, including 639 jobcentres and had committed to 80 new temporary jobcentres in 2020-21. In June 2021, our *Employment support* report explained how the Department is expanding capacity in areas where increased demand is expected, including: opening temporary premises; optimising existing estate; and looking to other organisations, such as local authorities, to use some of their capacity. As of 16 September 2021 the Department had published details of 159 new leases signed on premises to become temporary jobcentres. It plans to "review the need for these temporary jobcentres as the economy recovers". The Department estimates it spent £92.8 million on the estates expansion programme in 2020-21.

Working patterns and the Department's estate continued

Department for Work & Pensions' staff redeployment

The majority of staff redeployed to manage the pressures of COVID-19 have now returned to their pre-pandemic roles

Redeployed staff (Full-time equivalent)



Notes

1 Business area abbreviations: RS = Retirement Services; DS = Disability Services; DM = Decision Making; WA = Working Age; UC = Universal Credit.

2 Figures from the Department for redeployed staff are shown as Full Time Equivalents, rounded to the nearest whole number.

Source: National Audit Office analysis of Department for Work & Pensions' financial statements

Working Age and Universal Credit received the greatest number of additional staff through redeployments from other areas of the Department. At its peak, there were 5,844 extra members of staff working within Universal Credit from elsewhere in the Department, and 2,164 working within Working Age.

Service Transformation, Disability Services and Decision Making also received extra staff from redeployments; at the peak 145 (April 2020), 39 (April 2021) and 119 (April 2020) were redeployed to these areas respectively.

The majority of staff have been redeployed from Counter Fraud Compliance and Debt (CFCD). In April 2020, 6,000 staff were moved from CFCD as debt recovery work was paused for three months.

By September 2021, the majority of staff had returned to their pre-pandemic roles; a total of 125 FTE staff remain redeployed, 65 of which are working within Universal Credit. Of those still redeployed, 107 are from CFCD.

Civil Service Annual People Survey

The annual Civil Service People Survey looks at civil servants' attitudes to, and experience of working in, government departments. The results of the most recent survey were published in May 2021.

Theme	Result in 2020 (%)	Result in 2019 (%)	Change (Percentage points)	Civil service median in 2020 (%)
Employee engagement index	63	59	Increase 4	66
My work	73	72	Increase 1	80
Organisational objective and purpose	87	84	Increase 3	85
My manager	70	73	Decrease -3	74
My team	83	85	Decrease -2	84
Learning and development	60	60	No change 0	56
Inclusion and fair treatment	79	79	No change 0	82
Resources and workload	76	75	Increase 1	75
Pay and benefits	40	36	Increase 4	40
Leadership and managing change	53	45	Increase 8	58

Increase Decrease No change

Source: See full survey results, available at: Civil Service People Survey: 2020 results – GOV.UK (www.gov.uk)

The Department achieved an engagement score of 63% in 2020

This compares well to the 59% score in 2019, but was three percentage points below the civil service average.

Leadership and managing change increased by 8%

Given the disruption and instability brought about by the pandemic, this is a positive step. This does not bring the Department closer to the civil service average, however, which increased by 9%.

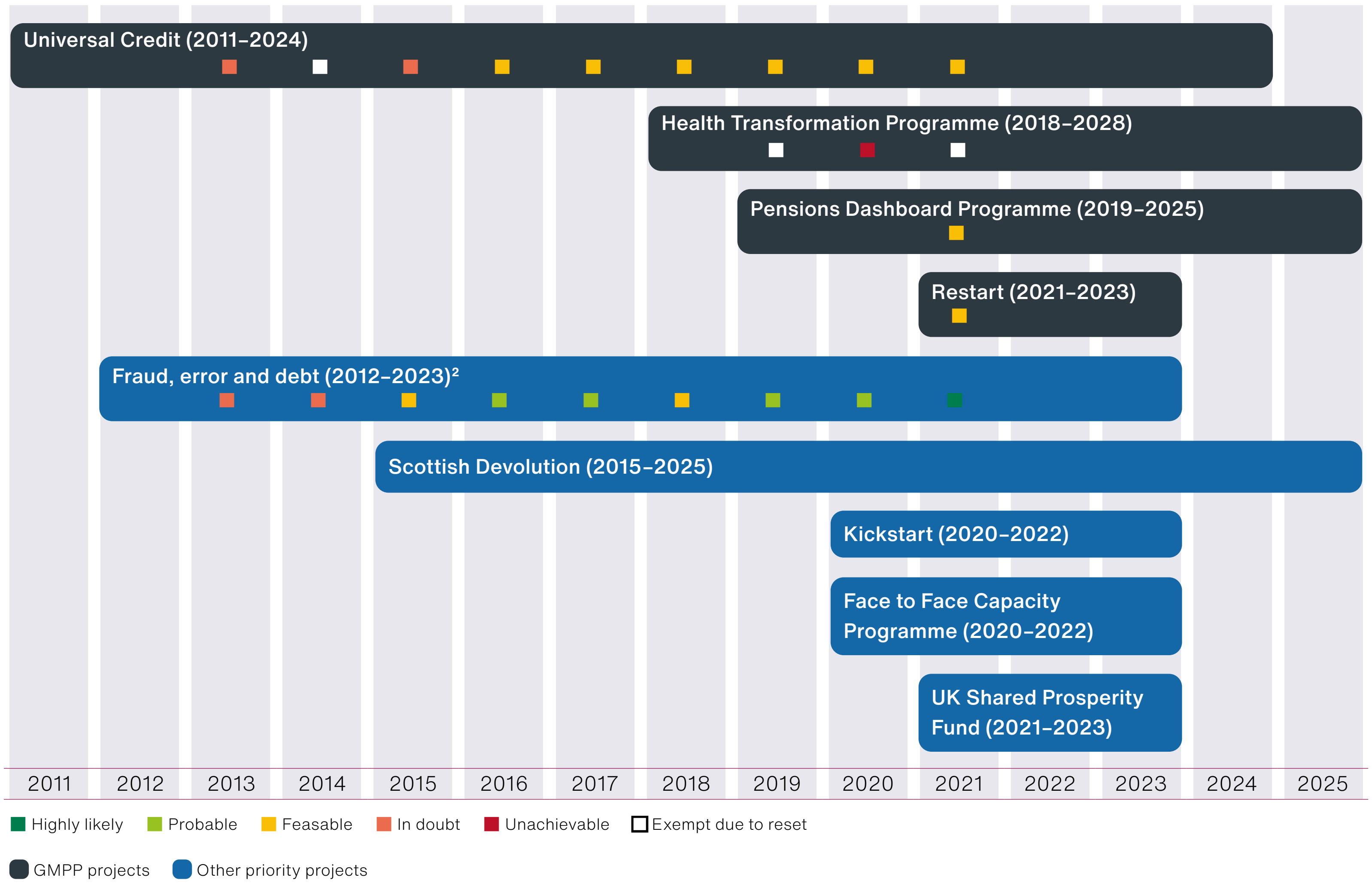
Results overall have improved since 2019

However, the Department has performed less well this year compared with the civil service average; moving from an average variance of +0.1% to -1.6% across all themes.

Major programmes and key developments

The Department's Major Change Portfolio comprises five programmes included in the Government's Major Projects Portfolio (GMPP),[1] and 10 other priority change programmes for which it is responsible

Department for Work & Pensions' Government Major Change Portfolio (descriptions of these programmes are on page 22)



Notes

1 Projects in the GMPP are risk-rated by the government's Infrastructure and Projects Authority (IPA). IPA publishes risk ratings over the life of these programmes and these are shown in the coloured squares under each project, in each year. Ratings are shown from 2013, when the IPA was established.

2 Fraud error and debt exited GMPP in Q4 of 2020-21 and is now a non-GMPP programme.

Other major change programmes

Important, but less significant, Departmental change programmes include:

Future Method of Payment (2018–2022): The objective of the Future Method of Payment Programme is to safely exit customers from their Post Office Card Accounts (POca) into mainstream bank accounts; and, in exceptional cases where customers cannot access a bank account, to a single New Payment Exception Service (NPES).

Reimagine (2019–2025): Will deliver a replacement HR, Finance and Procurement service with the aim of transforming staff's user experience.

Retirement Provision Programme (2015–2024): Modernising State Pension and Pension Credit services to simplify and improve user journeys and make more accurate and timely payments to citizens.

Workplace Transformation Programme (2021–2032): Reducing the Department's estate footprint and delivering a smaller, better and greener public estate to improve the quality of accommodation for customers and staff.

Major programmes and key developments continued

The Department paused the majority of its change programmes in order to respond to COVID-19. It has restarted most, but has had to adjust some of its plans.

Universal Credit (UC)

UC replaces six benefits including Tax Credits for working age people with one system that aims to make work pay for everyone. The Department suspended the migration from legacy benefits to UC in March 2020. It has established a new four-phased plan, with phase one being to encourage claimants to check their entitlement to see if they will be better off claiming UC. The Department aims to complete the migration of legacy benefit claimants to UC by the end of 2024.

Health Transformation Programme (HTP)

HTP is a new integrated service for health-related benefit assessments including Personal Independence Payment and Work Capability Assessments. HTP was reset as COVID-19 made the existing procurement timetable unachievable. The Department's new business case has now been approved by HM Treasury. It has set up a 'Health Transformation Area' to test improvements to benefit health assessments. It is procuring new service contracts to run from 2023 to 2028.

Pensions Dashboard Programme

This programme aims to provide individuals with online access to their pensions information to support better planning for retirement and growing financial wellbeing. The Department continued to work on the Dashboard throughout the pandemic and believes it is on track to deliver as planned.

Restart Programme

The Department launched Restart to target the long term unemployed. Launched on 28 June 2021 as a three-year programme in response to COVID-19. Fewer people have joined Restart than was originally expected and the Department told us it is taking action to increase take-up of the scheme.

Fraud, Error and Debt

Transforming how the Department detects and prevents fraud and error while also recovering debt. Recent projects have been focused on delivery of digital services for claimants and staff.

The Department paused the majority of projects in this portfolio in March 2020. In 2020-21, the Department launched the *Repay My Debt* and *Apply for NiNo* services as its focus shifted towards pandemic-impacted areas and sought to move customers from face-to-face and telephony services to digital channels.

Scottish Devolution

Supporting Scottish Government implementation of devolved welfare powers.

Kickstart

The Department launched Kickstart in September 2020 to create hundreds of thousands of high-quality six-month work placements aimed at those aged 16–24 who are on Universal Credit and are deemed to be at risk of long-term unemployment. More than 96,664 young people had started a Kickstart job as at 1 November 2021.

Face to Face Capacity Programme

This programme aims to expand face-to-face capacity of jobcentres to accommodate the 13,500 new work coaches while complying with social distancing guidelines. It also aims to deliver workplace transformation to move towards net zero carbon emissions and improve customer service.

UK Shared Prosperity Fund (UKSPF)

Replacing the European Social Fund, UKSPF will be directed at levelling-up the country, growing local economies and reviving communities.

Enhanced Support Offer (ESO)

The Department terminated ESO in March 2021 and surrendered the budget.

Part Two

Department for Work & Pensions' (the Department's) fraud and error

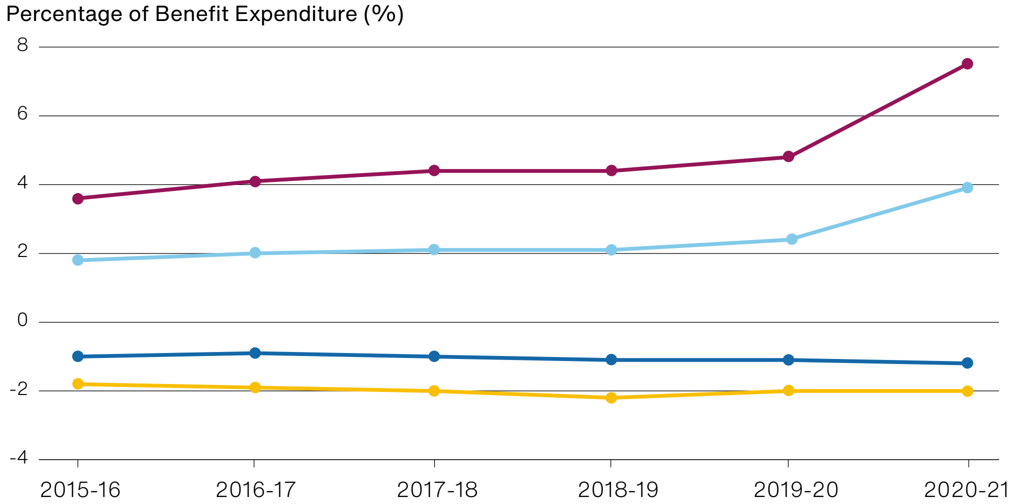
The level of fraud and error is at a record high with estimated overpayments of 3.9% (£8.4 billion), and underpayments of 1.2% (£2.5 billion) of benefit and pension expenditure.

Excluding State Pension[1] 7.5% of benefits were overpaid, meaning there were an estimated £8.3 billion of overpayments from £111.4 billion of benefit expenditure.

Note

1 We exclude State Pension from our qualification because it has a low level of annual fraud and error (with 0.1%/£90 million of overpayments). Removing it also makes it easier to understand trends in fraud and error in other benefits.

The Department for Work & Pensions' overpayments and underpayments in benefit expenditure 2015-16 to 2020-21



	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Overpayments excluding State Pension (%)	3.6	4.1	4.4	4.4	4.8	7.5
All overpayments (%)	1.8	2.0	2.1	2.1	2.4	3.9
All underpayments (%)	-1.0	-0.9	-1.0	-1.1	-1.1	-1.2
Underpayments excluding State Pension (%)	-1.8	-1.9	-2.0	-2.2	-2.0	-2.0

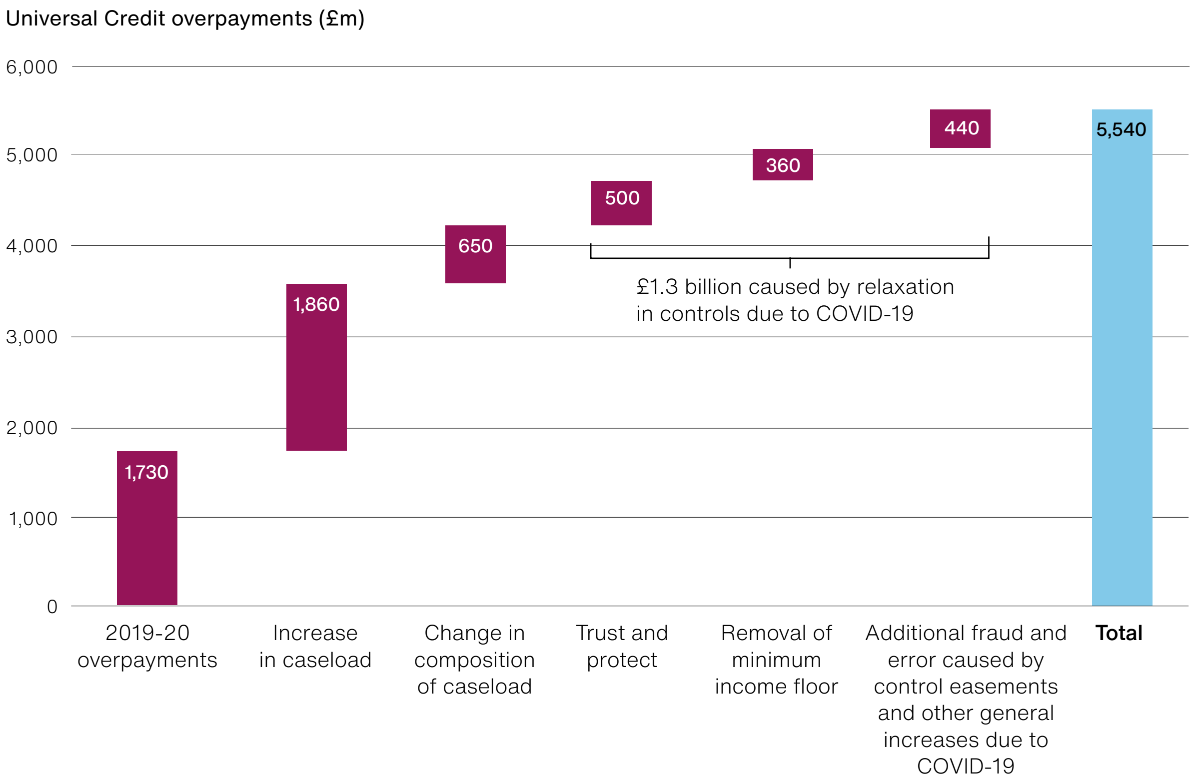
Source: Department for Work & Pensions Annual Report and Accounts 2020-21

Fraud and error in Universal Credit

Nearly all the increase in fraud and error was on Universal Credit (UC), which now has an estimated overpayment rate of 14.5% and accounts for approximately 66% of total overpayments. This is the highest rate of fraud and error for any benefit ever recorded.

UC overpayments increased from 9.4% (£1.7 billion) to 14.5% (£5.5 billion) in 2020-21, an increase of £3.8 billion.

The reasons that fraud in Universal Credit increased in 2020-21



Source: National Audit Office, Report on Accounts: Department for Work & Pensions', July 2021

The increase in Universal Credit overpayments was the result of three key factors

£1.86 billion from the increase in UC caseload

The total expenditure on UC increased from £19.8 billion to £38.2 billion in 2020-21. In 2020-21, Universal Credit accounted for 18% of benefit expenditure compared with 9.6% in 2019-20. A surge in claims at the start of the pandemic led to the number of people claiming UC doubling from three million in March 2020 to six million a year later.

£0.65 billion from the change in caseload composition

Many of the new claimants brought more complex claims, which were more vulnerable to fraud. For example, the rise in overpayments due to the change in the composition of the caseload is because the proportion of self-employed claimants trebled between 2019-20 and 2020-21 and the proportion who had capital to declare doubled. Both self-employed income and capital are vulnerable to fraudulent misstatement.

£1.3 billion from the relaxation of controls

Measures designed to reduce the risk of fraud were relaxed in order to better manage the increased demand for benefits. Examples include:

- **the suspension of face-to-face engagement with claimants,** which weakened the control environment around benefit payments;
- **Trust and Protect,** during the period at the start of the pandemic when the Department relaxed several key controls to process and pay claims on time; and
- **the removal of the minimum income floor** – an assumed minimum level of income for claimants who are gainfully self-employed. Created more opportunity for people to mis-state their earnings and claim more than they were entitled to.

Fraud and error – Case studies

State Pension underpayments

The Department has recognised a new provision of £1.0 billion in its accounts relating to the underpayment of State Pension going back at least 30 years

An estimated
134,000 pensioners
have been underpaid.

The Department estimates that it will need to pay affected pensioners arrears of
£1,053 million

The final value of **underpayments and number of pensioners affected will not be known** until all affected cases are reviewed.

In September 2021 we undertook an *Investigation into underpayment of State Pension*. We found that some level of error in State Pension payments was almost inevitable given the system's limited automation and complex rules. We reported that:

The errors were brought to the Department's attention by individual pensioners and third-party reporting. It started exploring the "potential for error" in April 2020 and confirmed there was a **significant issue in August 2020**.

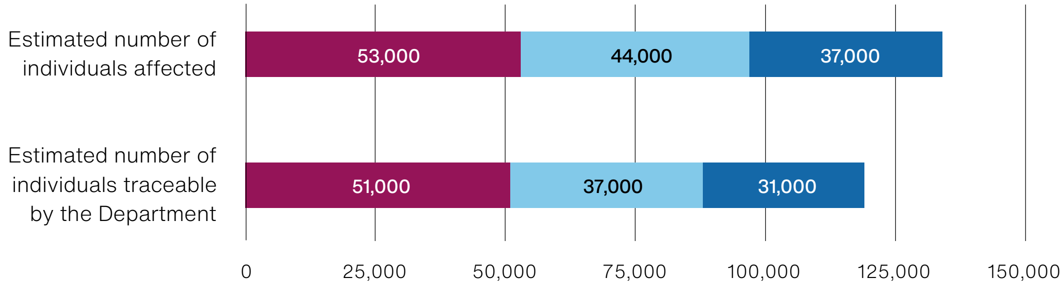
The Department **aims to review all relevant cases** by the end of 2023.

Between 11 January and 5 September 2021, the Department reviewed
72,780 cases
and **paid out £60.6 million**. Prior to this, the Department had paid £14 million to around 2,000 pensioners.

The Department has commenced a Legal Entitlements and Administrative Practices (LEAP) exercise to review 'at risk' cases and contact pensioners where underpayments are identified, with 544 additional staff being recruited at a cost of
£24.3 million

This is the **fifth systemic underpayment** recognised by the Department in the last three years.

Number of pensioners affected by State Pension underpayments



Category BL	Pensioners receiving a low basic State Pension in their own right, but entitled to an increase using their living spouse or civil partner's contributions.
Category B	Widows and widowers who are not entitled to a full basic State Pension but can inherit additional entitlement to basic State Pension from their spouse or civil partner.
Category D	Men and women previously receiving no or low amounts of basic State Pension, who may entitled to an increase from age 80.

Source: Department for Work & Pensions Annual Report and Accounts 2020-21

Identity fraud

The Department has had to deal with increased risk from serious organised crime during the pandemic, with fraudsters targeting Universal Credit in particular. These fraudsters sought to exploit control easements; for example, by hijacking people's identities to make claims in their name, with payments routed into the fraudsters' bank accounts.

In May 2020, the Department identified an attack based on suspicious patterns in Universal Credit claims and suspended around 60,000 accounts to enable further investigation. Although the criminal investigation is ongoing, by March 2021 152,000 cases had been linked to the attack and an estimated £68 million paid out across 40,000 fraudulent cases.

Some victims of the attack were asked to make repayments for money they did not receive, and 5,363 people had their benefits incorrectly stopped after their identities were stolen. The Department told us it is putting procedures in place to prevent both of these injustices, which should mean nobody goes more than a week without receiving their benefit entitlement.

The Department currently has around 1,300 staff working on Serious Organised Crime, with some redeployed from existing compliance roles. As part of the wider recruitment drive, the Department aims to increase this by 293 staff by the end of March 2022.

By March 2021

152,000 cases

had been linked to the attack

and an estimated

£68 million

paid out across 40,000 fraudulent cases

5,363 people

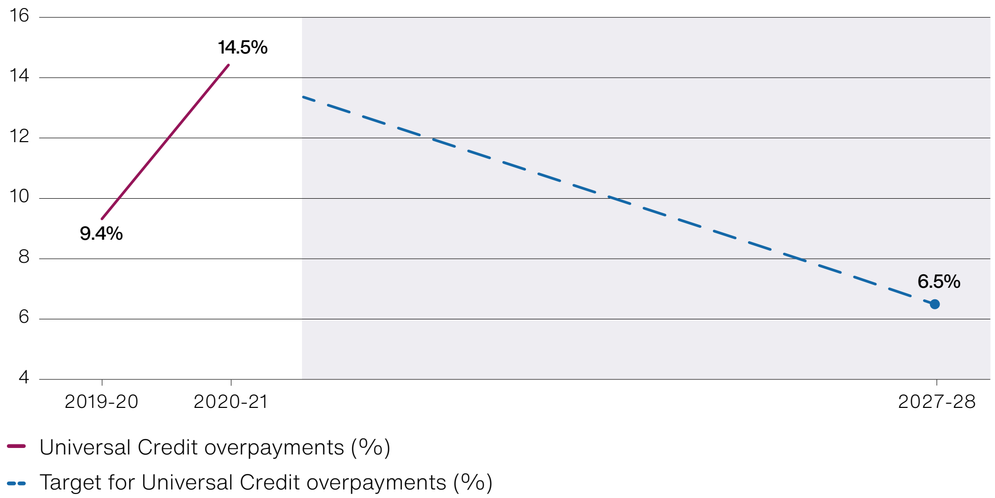
had their benefits incorrectly stopped after their identities were stolen

Fraud and error – Plan for resolution

Department fraud and error targets

The Department aims to reduce Universal Credit overpayments from 14.5% in 2020-21 to 6.5% by 2027-28

2027-28 target for overpayments in Universal Credit



Source: National Audit Office analysis

The Department is taking some steps (see opposite) to reduce fraud and error. It has been provided with additional funding of £103 million in the Autumn Budget and Spending Review 2021 to continue its fraud and error measures agreed in the Spring Budget.[1] However, negotiations are still ongoing with HM Treasury over funding for new fraud and error initiatives which should help progress towards the levels as intended in the UC business case.

Note

1 Autumn Budget and Spending Review 2021.

The Department estimates that at least

3,000 **additional staff are needed**

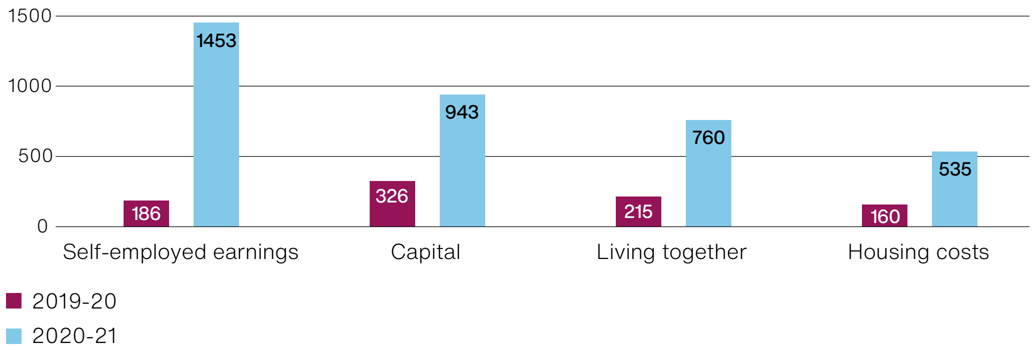
to manage fraud and error in recovery from the pandemic.

Additional compliance staff will help tackle backlogs, continue investigations into serious and organised attacks and work to detect overpayments. These are in addition to the 13,500 new work coaches it employed in 2020-21.

Identifying risks and tackling fraud and error in Universal Credit

The Department has identified the four areas of risk where Universal Credit is vulnerable to fraud and error

Universal Credit overpayments by largest risk types in 2019-20 and 2020-21



Source: National Audit Office analysis

The Department's plans to tackle these vulnerabilities focus on:

- verifying self-employed earnings where there is no real-time data available;
- accessing banking data to identify misstated capital levels;
- accessing data from landlords to ensure accurate housing information;
- improving claimants' understanding of whether to claim as individuals or partners; and
- reducing reliance on claimant-provided data

Long-term transformation

COVID-19 easements led to increased fraud and error, but they also created an opportunity for the Department to consider what an appropriate control environment might look like post-pandemic.

The Department's long-term strategy will shift towards prevention rather than detection. However, it has not set annual targets for the overall level of fraud and error despite previous commitments to do so, and overpayment rates are not expected to reduce in 2021 22. The Department plans to announce fraud and error targets for 2022-23, following the Spending Review in autumn 2021.

Fraud and error – Debt management

Detected overpayments: amounts owed to the Department

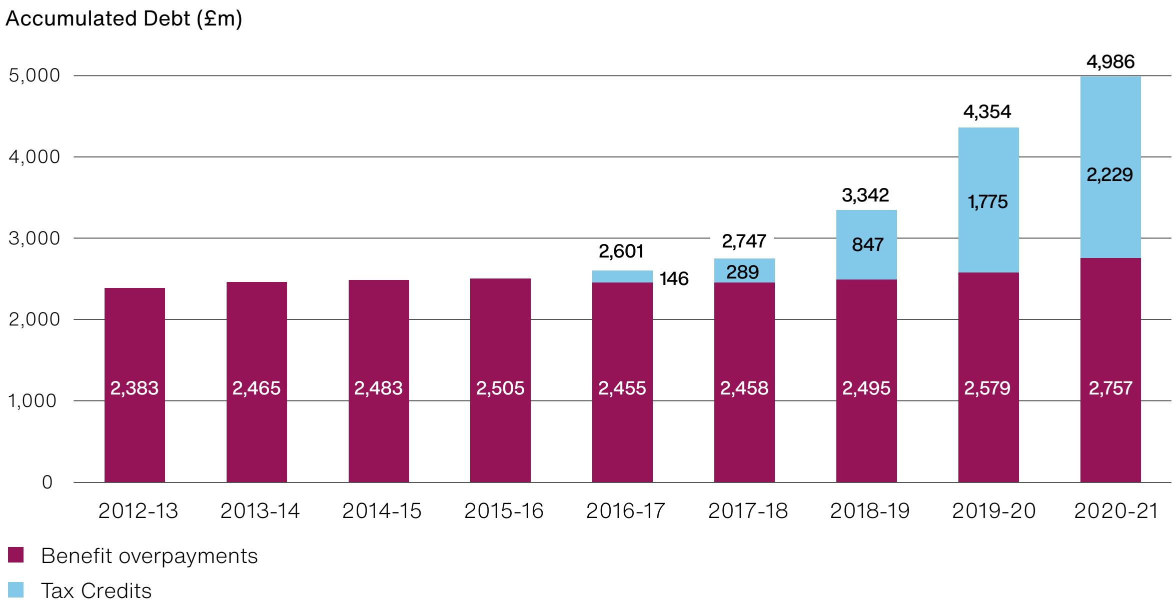
The Department is owed £5.0 billion by claimants from accumulated overpayments detected on individual cases.

This is a 15% increase on last year, continuing the trend that has seen this rise every year for the past decade as new debt detected consistently exceeds existing debt repaid. Since 2016-17, Tax Credit debt has been transferring to the Department from HM Revenue & Customs (HMRC). Of the £5.0 billion of debt accumulated at 31 March 2021, more than £2.2 billion relates to Tax Credits. An additional £1.2 billion of debt exists in relation to benefit advances, that is classified separately from the £5.0 billion as the advances are upfront payments and not overpayments.

Over the past 18 months:

- In prioritising benefit payments at the start of the pandemic, many Debt Management staff were redeployed and debt recovery was paused for three months from April 2020.
- The resultant backlogs peaked at 1.6 million outstanding debt cases.
- Debt recovery was phased back during the early phases of the pandemic, but by November 2020 the Department had restarted existing debt recovery for more than 1.5 million cases.
- The Department is seeking to recruit 307 staff into debt management in 2021-22 to help tackle remaining backlogs.
- Despite the Department's focus on paying new benefit claimants, Debt Management's total recovery amounted to £2.3 billion in 2020-21. This includes (numbers rounded): £1.1 billion on Universal Credit advances; £0.3 billion in benefit overpayments; £0.3 billion from the Social Fund; £0.2 billion in Tax Credits and £0.3 billion in compensation recovery (recoveries from insurance companies for compensation claims made by benefit recipients).

Overpayment debt – amounts owed to Department for Work & Pensions



Notes

1 Tax Credit debt has been gradually transferring to the Department from HM Revenue & Customs; for example, where a customer has made a Universal Credit claim.

2 The increase in benefit overpayment debt shown on the graph is the result of new detected debt less any recoveries made on the accumulated detected debt balance.

3 The Department is owed a further £1.2 billion relating to Universal Credit advances.

4 A further £200 million of debt has yet to be referred to Debt Management or claimants notified.

Source: National Audit Office analysis

How detected overpayments compares with estimated overpayments

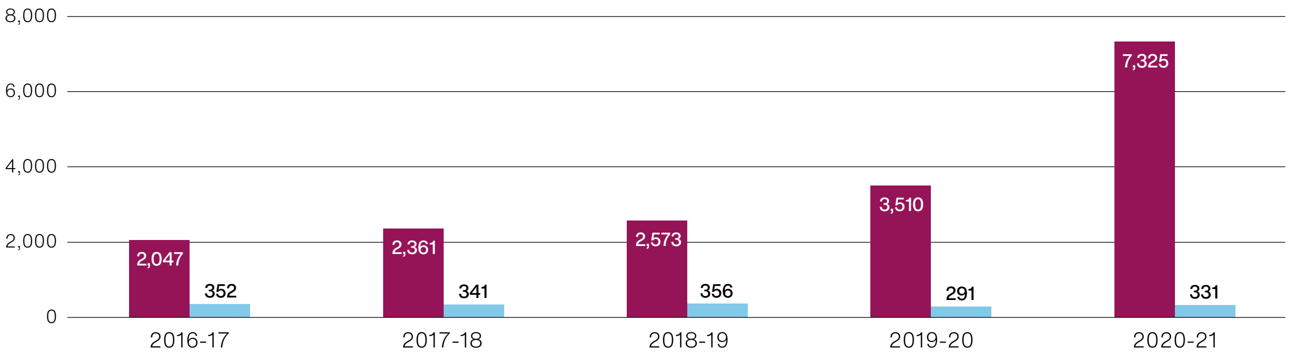
Of the total estimated overpayments in 2020-21, only around 5% were actually detected in-year

- The Department estimated that £7.3 billion of overpayments were made during the year but only £331 million of this was detected and recorded for recovery.
- Recovery can only be attempted where a specific overpayment is identified; the Department cannot collect debt that is estimated but not detected.
- Over the past five years, around 10% of estimated overpayments have been detected, meaning £16.1 billion of estimated debt that the Department believes exists but remains undetected may never be recovered.
- The Department has detected and recorded a further £284 million of overpayment debt relating to 2020-21 between April and June 2021, increasing the total overpayments detected and reported for 2020-21 to £615 million, around 8% of total estimated overpayment. The amounts detected in any one year may include overpayments related to previous years.

Overpayment debt – amounts owed to Department for Work & Pensions

The estimated total of fraud and error compared with total overpayments detected, 2016-17 to 2020-21

Overpayments (£m)



Estimated total overpayments (excluding Housing Benefit)

Total detected overpayments (excluding Housing Benefit)

Note

1 This excludes Housing Benefit overpayments which local authorities are responsible for recovering.

Source: National Audit Office analysis

The Department estimated that

£7.3 billion

of overpayments made during the year, but only **£331 million** of this was detected and recorded for recovery.

Employment support

Developments in employment support

In our *Employment support* report, published in June 2021, we set out the different types of employment support that the Department is offering in the wake of the COVID-19 pandemic.

The Department plans to increase its spending on employment support programmes to around £2.5 billion in 2021-22, up from £0.3 billion in 2020-21. This represents a significant increase in planned expenditure. However, it is less in real terms than it spent on employment support following the 2008-09 recession, when employment programme spending was £2.8 billion in 2009-10, and £2.7 billion in 2010-11.

The £1.9 billion Kickstart scheme, which aims to create jobs with employability support for 250,000 young people who the Department believes are at risk of long-term unemployment, is the main new scheme for young people.

The

£1.9 billion Kickstart scheme

is aimed at helping young people at risk of long-term unemployment

Kickstart is the most expensive employment support scheme the Department offers at around £7,000 per person helped. The next most expensive scheme is the Intensive Personalised Employment Support scheme, which costs around £3,800 per person helped, and offers highly intensive, personalised employment support for people with disabilities and complex needs.

Key metrics for the Department around employment support

Getting young people into Kickstart jobs

The Department aimed to have 250,000 participants in the Kickstart programme by the time the scheme closes to new applicants at the end of December 2021. As of 1 November 2021, 96,664 people had begun the Kickstart scheme. At September 2021, the Department had spent £356 million. It is highly unlikely the scheme will reach 250,000 participants and the Department does not anticipate using Kickstart's £1.9 billion budget in full, instead it expects to spend a total of £1.26 billion.

Employment for disabled people

The Department also has a goal for there to be one million more disabled people in work in 2027 compared with 2017. This measure is impacted by broader factors than just Departmental interventions, such as more people reporting having a disability and changing employment levels, and the National Audit Office (NAO) has previously said that this goal cannot be used to measure the success of the Department's efforts. The Department has acknowledged that any increase cannot be attributed to any particular cause, including its policies or programmes.

New employment support schemes in response to the pandemic

Job Help
Apr 2020–ongoing

Free-to-access website to support people in challenging labour market conditions since COVID-19. Open to all unemployed people.

Kickstart
Sep 2020–Sep 2022

Creation of six-month, 25 hours a week additional jobs with employability support, for 16–24 year olds on Universal Credit at risk of long-term unemployment.

Jobs Entry: Targeted Support (JETS) in England and Wales
Oct 2020–Sept 2022

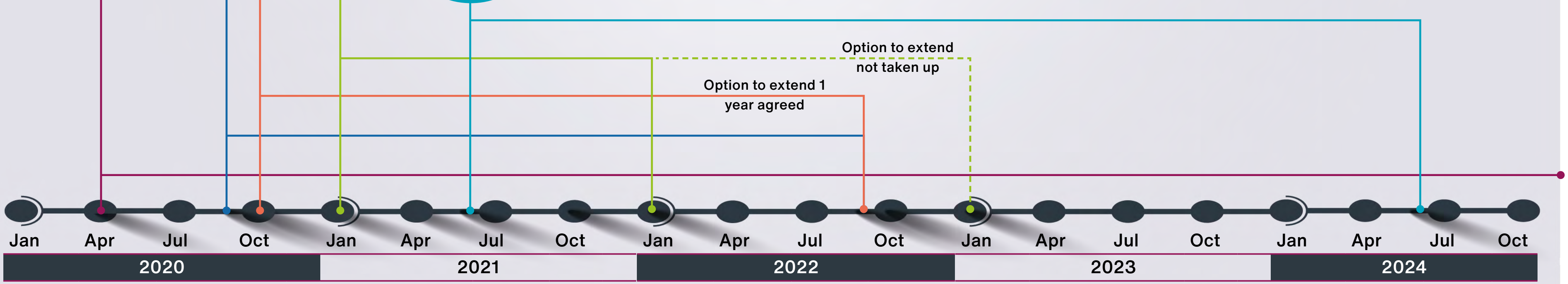
Light-touch employment support for people out of work and claiming Universal Credit or New Style Job Seeker's Allowance for 13 weeks. Although originally intended to last for 12 months, the Department has extended it to September 2022.

Job Finding Support
Jan 2021–Jan 2022

Online job finding service for people out of work for up to 13 weeks and who do not need significant help with finding a job. The Department has decided not to extend this beyond January 2022.

Restart
Jun 2021–Jun 2024

Tailored support to help long-term unemployed people into sustained employment. Each placement lasts for 12 months and is mandatory post-referral for Universal Credit claimants in the Intensive Work Search regime.



Notes

1 As part of its response to the pandemic, the Department also expanded its Sector-based Work Academy Programme (SWAPs), which supports unemployed people looking to move into a different sector, and it expanded its youth offer.

2 Job Entry: Targeted Support in Scotland went live on 25 January 2021, for 12 months, with an option of a year's extension.

Employment support – Summary of issues in the DWP Employment support report

	The impact of the pandemic on employment	The Department's employment support response to the pandemic	The Department's delivery of employment support
Summary of situation when we wrote our *Employment support* report	Furlough had prevented much of the expected rise in unemployment, but the claimant count had risen sharply. The Office for Budget Responsibility (OBR) expected a peak of 6.5% unemployment to occur in Q4 2021, revised down from their initial expectations that it would peak at 10% in Q2 2020. The employment impact of the pandemic was worse for groups such as younger adults. We noted that the Department has better labour market data, such as Universal Credit data and Pay As You Earn data from HMRC, than in previous recessions. However, the Department has data gaps for some vulnerable groups such as homeless people, and data on claimants' characteristics, such as ethnicity, is incomplete.	The Department's immediate focus was on supporting the newly unemployed and avoiding the 'scarring' impact of the recession, particularly on young people. Before the pandemic, its provision mainly targeted disabled people and people with health conditions, and people who were already a long way from the labour market. The Department's new interventions, including the Kickstart scheme, were designed when it was expected that the furlough scheme would end at the end of October 2020. The furlough scheme has now been extended to September 2021.	The Department's employment support was mainly accessible to people on benefits, through the jobcentre system. Work coaches match claimants to support through short work search review meetings, typically around 10–20 minutes long and held either weekly or fortnightly depending on customer needs. The NAO noted that the Department met its target to recruit an additional 13,500 work coaches in 2020-21 and was in the process of training and embedding them in the organisation.
Challenges the Department faced when we wrote our *Employment support* report	• **Using data to monitor the labour market** – and being able to effectively match support to claimants' needs. • **Matching provision to need** – being able to adapt its portfolio as patterns of unemployment emerge. • **Delivering timely evidence of impact** – delivering robust evaluation in a timely manner is challenging, and some of the Department's evaluations were behind schedule going into the pandemic.	• **Matching supply of employment support to demand** – in particular considering the later than expected peak in unemployment • **Aligning across government** - ensuring its provision is aligned with the wider government economic recovery strategy and with other departments' schemes (such as apprenticeships). • **Implementing schemes effectively** – in particular as the Department is implementing Kickstart and Restart simultaneously, and at pace. • **Clarifying longer-term strategic priorities** – such as in-work progression, and employment outcomes for disabled people.	• **Providing continuity of provision for non-benefit claimants and disadvantaged groups** – particularly given the succession of European Union structural funds by the UK Shared Prosperity Fund. • **Assuring work coach quality and productivity** – particularly given the number of new work coaches, and the discretion with which work coaches operate. • **Engaging local partners fully to ensure the Department's provision works well locally** – ensuring that national programmes align with local skills and training, local job opportunities and employers' priorities, and employment support provided by others.

Employment support – Summary of issues in the DWP Employment support report continued

	The impact of the pandemic on employment	The Department's employment support response to the pandemic	The Department's delivery of employment support
Changes since our report	The number of vacancies in the economy in June to August 2021 reached record levels, and the number of staff on payrolls returned to levels seen just before the pandemic in February 2020. By June 2021, young people were still more likely to be unemployed than the national average (12.9% for 16- to 24-year-olds, vs national average of 4.6%), but the gap was now back to the levels seen before the pandemic. However, the number of young people claiming Universal Credit and searching for work for more than a year had continued to increase from 48,000 in February 2020 to 144,000 in September 2021 (a 195% increase). The Department continues to face challenges around its data on claimant characteristics, and ensuring that its provision matches claimants' needs.	The Department still faces challenges in ensuring that the provision it offers is timed correctly to help claimants, and in ensuring that the Department's provision is aligned with other activities across government. It is also now facing the challenge of running both Kickstart and Restart simultaneously. Since our report, the Department has published the independent *In-work Progression Commission's report*, and *The Health and Disability green paper*.	The Department continues to deliver employment support through jobcentres and work coaches, and is increasingly re-engaging with claimants face-to-face. Challenges remain around supporting those not on benefits and otherwise disadvantaged, and in ensuring that work coaches provide consistently appropriate referrals to employment support in a system that allows for considerable discretion.

Getting services back on track

Backlogs and the National Economic Recovery Taskforce monitoring

At the start of the pandemic, the Department prioritised processing new claims and ensuring people had the financial support they needed. It introduced easements to its controls and redeployed 10,000 DWP staff – predominantly from its Counter Fraud Compliance and Debt team – to enable it to process the new claims. This prioritisation inevitably led to backlogs across the Department's other services. The Department has monitored these backlogs and reported them to the National Economic Recovery Taskforce (NERT), a Cabinet committee, since March 2021. It identified four critical areas to report to NERT set out in the figure below.

The Department also monitors eight other backlogs:

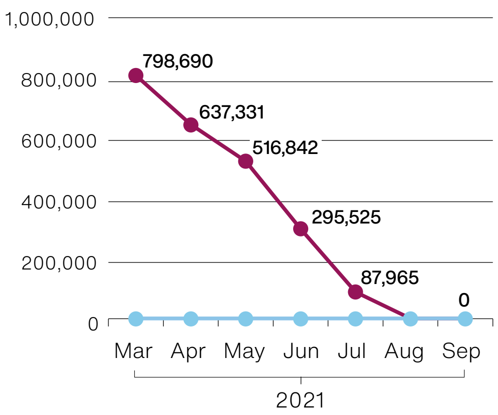
- three on fraud and error;
- two on child maintenance;
- Employment and Support Allowance new claims;
- work capability assessments outstanding with the Centre for Health and Disability Assessments; and
- one on Retirement Services (see page 35).

For example, on fraud and error, there are backlogs in completing compliance cases (138,905 cases outstanding against the Department's deemed acceptable level of 35,000) and intervention cases (18,549 outstanding against the Department's deemed acceptable level of 12,000). The Department does not expect to clear these until March 2022 at the earliest.

National Economic Recovery Taskforce (NERT) backlogs

Universal Credit (UC) Retrospective Verification

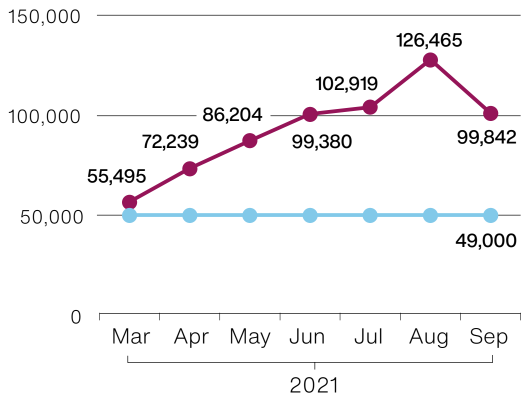
Number of UC cases to be verified



Universal Credit Retrospective Verification is where the Department has undertaken additional work to verify any claim for Universal Credit that was approved during the lockdown period when easements meant it did not collect all the normal documentation used to verify a claim. The Department told us it finished this activity in August 2021.

National Insurance Numbers (NINO) decision-making

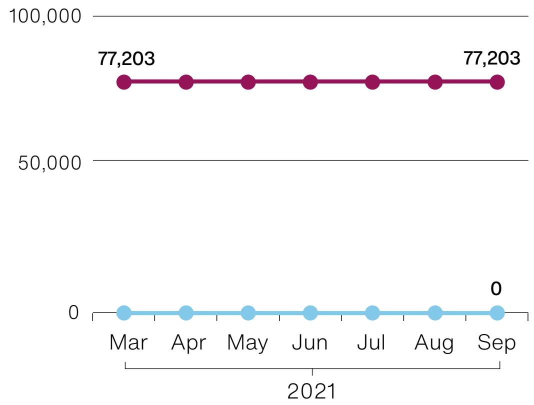
Number of outstanding cases awaiting a decision on NINO eligibility



The NINO decision-making backlogs relate to outstanding decisions on customer eligibility for National Insurance Numbers. The Department expects to clear these by the third quarter of 2021-22 after it introduced better automation to improve its productivity.

Debt Referrals – Direct Payment After Death (DPADs)

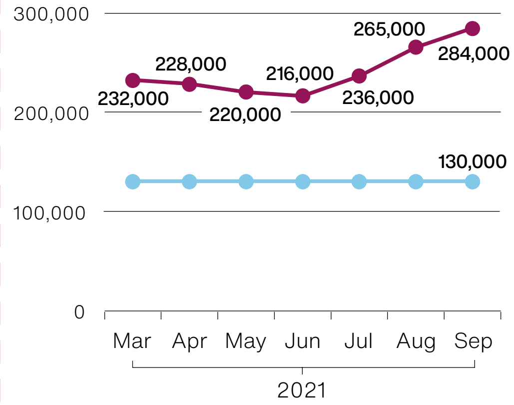
Number of cases where payments have been made after a customer has died



DPADs are payments made after a customer has died but before the Department has terminated their claim. The Department has reported how it is processing the number of DPADs made during the pandemic. The number it reports has remained the same while the Department awaits a ministerial decision on whether it needs to recover this money or write it off.

Personal Independence Payments (PIP) assessments outstanding

Number of claims awaiting a PIP assessment



Backlogs of PIP assessments which determine claimant's eligibility to the benefit continue to grow due to systematic capacity issues in the outsourced providers. The Department and providers have not yet agreed how to clear these backlogs and they are forecast to increase throughout 2021-22.

Actual level — Level the Department deems acceptable

Source: National Audit Office analysis of Departmental papers

Late State Pension payments

One of the backlogs that the Department is monitoring in addition to the four reported to NERT, is 'State Pension claims outstanding' which shows how quickly it processed claims that were late as at 31 July 2021.

Our September 2021 Investigation into the *Underpayment of State Pension* reported that the Department had around 80,000 state pension claims outstanding at 31 July 2021. Of these, around 24,000 claims were late (the pensioner had applied on time, but had not received their first payment on time). The Department had cleared this backlog down to 1,504 cases by 10 October.

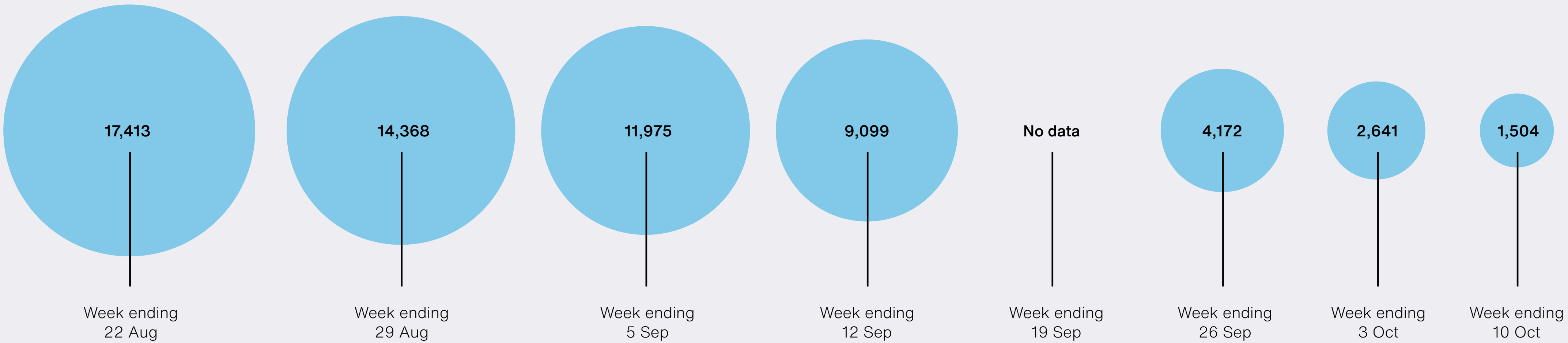
The Department had 4,292 claims in total in early November with overdue payments. The Department told us that it had processed these as far as possible, but were awaiting additional information from customers or HMRC to enable the claim to be cleared. This is below the level of overdue claims the Department deems acceptable, which it regularly reviews but currently sets at 6,800. It was also processing 12,786 further claims where first payment was due in the following four weeks. Around half of these were again pending receipt of additional information from customers or HMRC to enable the claim to be cleared.

Easements

The Department relaxed many of its normal processes and controls at the start of pandemic to help it to provide services during the lockdown and process the surge in new claims. This included many controls designed to reduce fraud and error, not all controls that were eased have been reinstated, and in some cases more effective controls have been identified. As of July 2021, there were around 100 easements still in place as the Department continued to transition towards more normal operating processes.

Significant active easements as of September 2021	
Universal Credit: Jobcentre attendance for new claimants	People can claim Universal Credit and access advance payments without attending a jobcentre if directly affected by COVID-19, or self-isolating.
Statutory Sick Pay Rebate Scheme and Statutory Sick Pay	Small and Medium Enterprises (SMEs) are repaid statutory sick pay for absences starting 13 March 2020, capped at two weeks. COVID-19-related Statutory Sick Pay is payable from day 1 of absence, rather than day 4.
Increased housing support	Local housing allowance rates increased to equal the 30th percentile of an area's market rents.
Contributory Employment and Support Allowance	Contributory Employment and Support Allowance is available from day 1 of sickness, rather than day 8, for COVID-19-related absences.
Covid Local Support Grant	Citizens most in need across England can access support with the cost of food, energy, water bills and other essentials.

The processing of State Pension claims that were late as at 31 July 2021



Source: National Audit Office analysis

Customer service and the complaints system

The Department has a core objective of "delivering excellent services for citizens and taxpayers", and a priority outcome to "deliver a reliable, high-quality welfare and pensions system which customers have confidence in"

Benefit processing times

In 2020-21, 82.3% of new claims for benefits were processed within the Department's planned timescales (see page 7). This figure was an increase from 76.7% in 2019 20. This is the first increase in the proportion of payments processed within planned timescales since a new methodology was introduced in 2016-17, the main change being including processing times for Universal Credit.

Customer complaints

In 2020-21, the Department received 20,167 complaints. This was 49% fewer than in 2019-20, when the Department received 39,319 complaints. The Department believes that various easements introduced as part of the COVID-19 response may have contributed to the reduction in complaints.

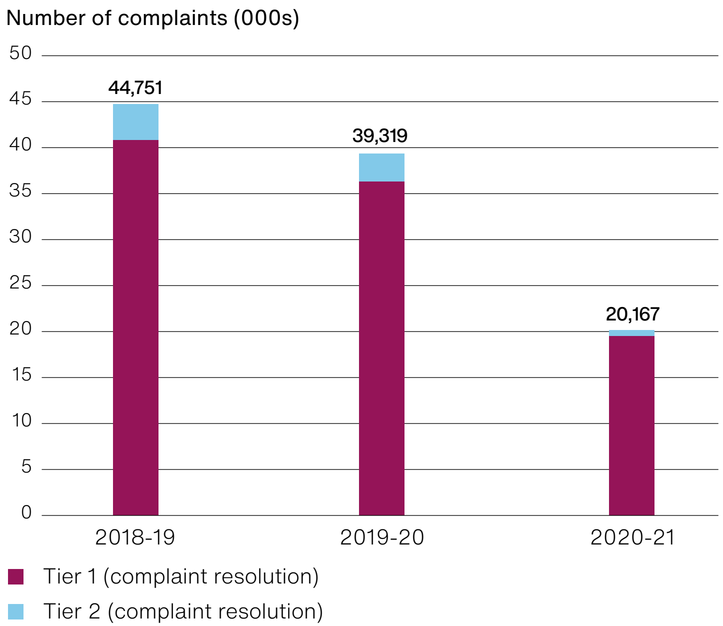
If unhappy with the outcome of their complaint, individuals can ask the Independent Case Examiner (ICE) to investigate. There were 4,205 complaints made to ICE in 2020-21 regarding the Department and its contracted service providers; 10% more than in 2019-20 (3,835). ICE accepted 1,013 complaints for examination in 2020-21, 11% fewer than accepted in 2019-20 (1,132). Of the 1,219 complaints cleared in 2020-21, 834 led to a full investigation, and 58% of these were fully or partially upheld. In 2019, 1,269 cleared cases led to 824 investigation reports, 55% of which were fully or partially upheld.

Unresolved ICE complaints can be taken to the Parliamentary and Health Service Ombudsman. In 2020-21, the Ombudsman partly or fully upheld five of 17 complaints reported on by detailed investigation concerning the Department. In 2019-20, five of 15 complaints reported on were fully or partly upheld (two of which related to the Child Maintenance Service).

In July 2020, the Department introduced a new approach to complaints handling, under which complaints are triaged with priority given to claimants who the Department believes most need help (for example, vulnerable people and those needing payment).

Customer complaints about the Department

Customer complaints have nearly halved since 2019-20



Notes

1 The Department moved to a single tier complaints service on 9 July 2020, and only complaints received prior to then were handled across the two-tier system. Therefore, the number of complaints recorded against Tier 2 in 2020-21 cannot be directly compared with previous years.

2 The previous tiers were: Tier 1 = complaints are handled by local complaints teams who investigate the complaint and take action to resolve it; Tier 2 = if a customer wished to escalate the complaint, it was reviewed by a specialist complaint resolution manager.

3 All figures exclude complaints about providers because they are responsible for managing complaints about their own service, which escalate directly to the Independent Case Examiner if the customer is dissatisfied.

Source: National Audit Office analysis

Customer satisfaction

In 2020-21, the Department reported that 89% of benefit customers said they were satisfied with the Department's services (see page 8). This is the first year of results based on the Department's new Customer Experience Survey, following significant changes in methodology from surveys previously completed in 2018-19 and earlier years, and COVID-19 disruption preventing a satisfaction survey in 2019-20.

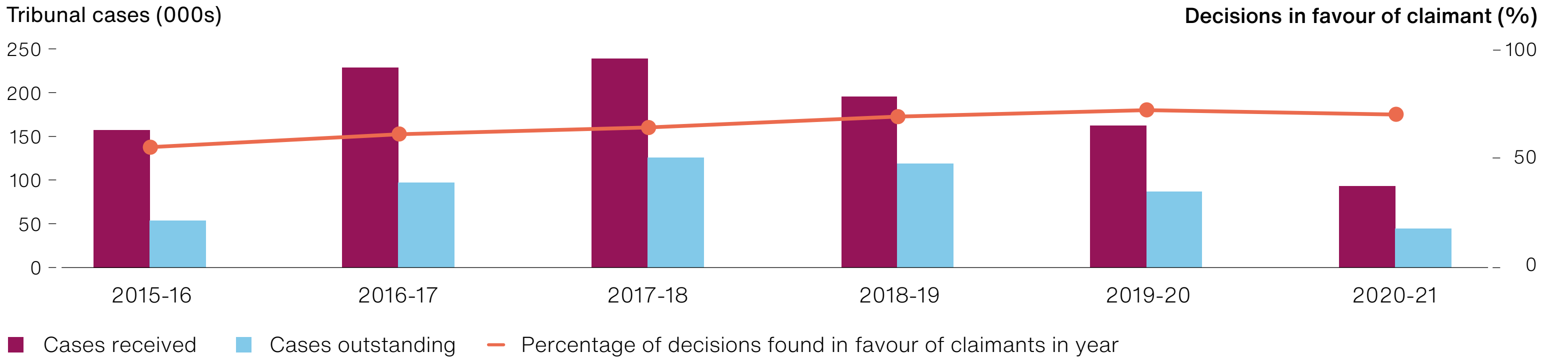
Customer appeals against benefit and child maintenance decisions

People who disagree with a Department decision about benefits or child maintenance can ask the Department to review its decision, this is called a 'mandatory reconsideration'. Following a mandatory reconsideration, claimants can choose to appeal a decision through the Social Security and Child Support Tribunal (SSCS). The tribunal continues to overturn the majority of the Department's benefit decisions appealed by claimants; 70% of decisions were in favour of the claimant in 2020-21, compared with 55% in 2015-16.

The number of cases appealed and outstanding has fallen since 2017-18. In 2020-21, a total of 93,000 cases were received, compared with a peak of 239,000 in 2017-18. Similarly, the number of cases outstanding has fallen to 44,000 from 125,000 in 2017-18.

However, of those cases disposed of by the SSCS tribunal in April to June 2021, the mean age of a case at disposal was 39 weeks, eight weeks more than for the same period in 2020 and nine weeks more than the same period in 2019.

Social Security and Child Support Tribunal cases and decisions



Source: National Audit Ofiice analysis

Service standards and the impact on claimants

The Department's disability assessments

Personal Independence Payments

Personal Independence Payments (PIP) provide financial support to disabled people and those with long-term health conditions. PIP is intended to cover some of the additional costs of such long-term health conditions and is available to claimants both in and out of work.

PIP assessments look at an individual's ability to carry out a series of everyday activities and focuses on their functional ability. There are 10 everyday activities covered in the assessment, for example, preparing and cooking a meal. The claimant is required to complete a claim form and provide medical evidence, where appropriate.

Prior to COVID-19 claimants would usually attend a face-to face appointment with an assessor. These were suspended in March 2020 but recommenced from May 2021. PIP health assessments are carried out by Capita and IAS (the Independent Assessment Service).

Work Capability Assessments

Work Capability Assessments (WCA) are designed to find out how much a claimant's health condition or disability impacts their ability to work. The Department uses WCAs to evaluate what claimants are capable of, as well as what they are not capable of, for ESA and UC claims (where claimants are on the health journey).

The WCAs are carried out by CHDA (Centre for Health and Disability Assessments – operated by Maximus) on behalf of the Department. Claimants must fill in application forms detailing their conditions and present supporting evidence. Face-to-face assessments were also suspended due to COVID-19 but as of autumn 2021 are gradually restarting.

According to research commissioned by the Department, 94% of claimants were satisfied with how their telephone assessment was conducted and only 23% would have a preference for a face-to-face assessment.[1]

1 NatCen Social Research, Claimant experience of telephone-based health assessments for PIP, ESA and UC, July 2021.

Assessment clearance volumes

733,470

(889,290 in 2019-20)

Total number of **PIP assessments** completed in 2020-21.

Notes

1 Volume has been rounded to the nearest 10.

2 The data are derived from contractual management information produced by the assessment providers.

396,140

(1,045,810 in 2019-20)

Total number of **WCA assessments** completed in 2020-21.

Notes

1 Volume has been rounded to the nearest 10.

2 Assessments relate to ESA and UC.

3 Represents only those cases cleared by an assessment.

Information held by the Department on deaths by suicide of benefit claimants

What we did

We published a report in February 2020 on Information held by the Department for Work & Pensions on deaths by suicide of benefit claimants following correspondence from the then Chair of the Work and Pensions Select Committee, the Rt. Hon. Frank Field MP.

This report concluded that it was highly unlikely that the 69 cases into which the Department launched 'Internal Process Reviews' represented all cases of deaths by suicide among claimants that it could have investigated. It also found that the Department did not have processes in place to ensure recommendations from the reviews were followed up appropriately. Following this, the Work and Pensions Select Committee took evidence from the Department on how it deals with serious cases.

Outcome

In 2020-21, following our work, the Department improved its processes. It established an Internal Process Review Group to collate review findings and ensure changes are implemented across the Department. The Department told the Work and Pensions Select Committee that where it identifies that a customer may be vulnerable, it will now take additional steps to contact them. Where appropriate, the Department will now also contact other organisations, for example adult social services, before stopping their benefits. The Department has also published minutes and terms of reference of its Serious Case Panel, which considers systemic issues arising from serious cases and makes recommendations to address these issues and reduce their likelihood in the future.

Longer-term reform and transformation

The Department's focus for the year ahead is to help rebuild, revitalise and regenerate the economy. A number of initiatives were already planned, or being rolled out, when COVID-19 struck in early 2020, but the Department has used the experience of the pandemic to accelerate some of these ambitions. To achieve this transformation, the Department has defined a set of strategic objectives to tackle longer-term challenges.

Department Objectives

1 Maximising employment and in-work progression

2 Improving people's quality of life

3 Delivering excellent services for citizens and taxpayers

The Department aims to realise these objectives by making five strategic shifts in the way it provides services

Joined-up customer experience

2 3

The Department wants to join up the customer experience – within the Department and with others. People should experience the Department's service as a whole rather than in silos – reducing costs and customer friction.

The Department intends this to reduce the need for citizens to repeat their stories several times and enable them to navigate the welfare system effectively.

Segmentation and differentiation

1 2 3

The Department wants to segment users, differentiating services according to their need for support and levels of trust and risk – allowing the Department to focus its staff on those with greater need.

The Department hopes to quickly identify and react to signs that tell it that someone may need more or less support.

Self-service and automation

3

Designed to enable self-service and automation wherever possible, supported by a richer data footprint – offering a range of channels and understanding which work best for different situations.

The Department hopes to substantially reduce levels of manual processing, while supporting people who lack digital capability so that more of them are able to self-serve unaided.

Move towards prevention

1 2 3

The Department wants to move the balance towards prevention - using data analytics and insights from the wider system to anticipate and address emerging customer issues, and better manage fraud.

The Department hopes to proactively support citizens who are at risk of developing problems that the Department can address. Intervene to create efficient preventative measures to minimise taxpayer risk.

Partnerships to co-create value

3

The Department hopes to use contracts and partners to create value by recognising their expertise and networks, viewing them as part of the end-to-end delivery chain towards positive outcomes and equipping and enabling them accordingly.

The Department hopes to make it simpler and more efficient for partners to understand Department services and take action which adds value.

The Department believes that these shifts will help it to improve:

How people interact with it		How it works with others	How its people work		
Better targeting of its services through data and automation	Most customers choosing to interact with it digitally	Working with partners to design solutions and prevent situations deteriorating	Joined-up digital systems	Flexible working for its workforce	Modern and accessible buildings