National Audit Office

OVERVIEW

Department for Work & Pensions

Departmental Overview 2021-22

We are the UK's independent public spending watchdog

October 2022

About this overview

About this guide

This guide has been produced to support the Work and Pensions Committee in its examination of the Department for Work & Pensions' (DWP's) spending and performance. It summarises the key information and insights that can be gained from our examinations of DWP and related bodies in the sector in England and DWP's Annual Report and Accounts. DWP spent £225.7 billion in 2021-22 to deliver welfare, pensions and child maintenance policy.

The guide includes:

- how DWP uses its resources;
- key services and developments; and
- customer service.

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 DWP 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.

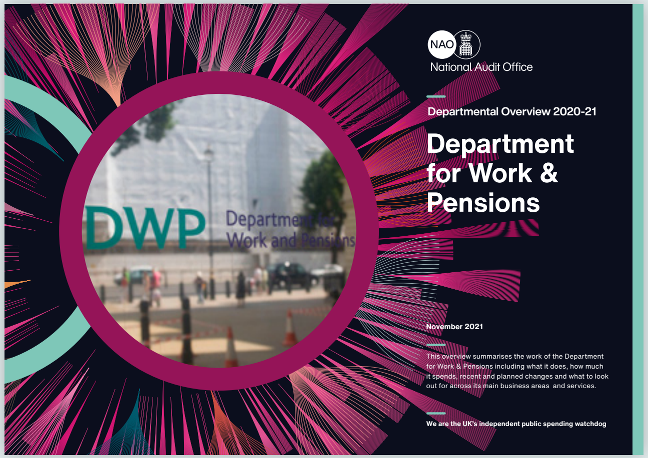
Other analysis in the guide has been directly drawn from publicly available data and includes the relevant source as well as any appropriate notes to help the reader understand our analysis.

Other relevant publications

More information about our work on DWP in England, as well as information about our other recent and upcoming reports, can be found on the National Audit Office website.

More information about central government accounting and reporting

You may also be interested in our interactive guide to *Good practice in annual reporting* (January 2022), which sets out good-practice principles for annual reporting and provides illustrative examples taken from public sector organisations who are leading the way in this area.



This report updates our previous overview, *Departmental Overview 2020-21: Department for Work & Pensions*, published in November 2021.

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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 2021, the NAO's work led to a positive financial impact through reduced costs, improved service delivery, or other benefits to citizens, of £874 million.

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Part One // Overview

About DWP

The Department for Work & Pensions (DWP) is responsible for the delivery of welfare, pensions and child maintenance policy.

> *DWP'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.

DWP's Outcome Delivery Plan sets out DWP's plan to deliver its objectives; achieve its priority outcomes; and carry out its mission.

DWP's 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 achieve these objectives DWP has four 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.

At any one time, DWP makes benefit and pension payments to more than 20 million people to support them through life events such as being out of work, retirement and disability. DWP also provides a range of services to support them, including:

People seeking employment

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 Restart schemes, to provide access to support to get back into work.

People with a disability or a health condition

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

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 by DWP include State Pension and Pension Credit, along with responsibility for Winter Fuel Payments and Cold Weather Payments.

Children and families

For example, Get Help Arranging Child Maintenance is a free service providing impartial information and support to separated parents. DWP'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 2021-22.

Part One // Overview

How DWP is structured

DWP 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 and one pension scheme (Remploy Pension Scheme Trustees Limited).

The departmental group (the Core Department and five consolidated bodies) had nearly 86,000 full-time equivalent staff at the end of March 2022. The Core Department is managed in groups, each led by a director general. Legal support is provided by the Government Legal Department.

Notes

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

2 Excluding public corporations which fall outside DWP's accounting boundary.

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

4 The functions and staff of BPDTS Ltd have transferred to DWP. The company is expected to be formally dissolved in 2022-23.

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.

6 The Independent Case Examiner operates independently from DWP but is not formally classified as a separate departmental body. It is funded directly by DWP.

The Core Department

Director General groups

Service Excellence	Work and Health Services	Change and Resilience	Policy[1]	Finance	Digital	People, Capability and Place
DEL spend **£901m**	DEL spend **£2,269m**	DEL spend **£1,541m**	DEL spend **£323m**	DEL spend **£2,216m**	DEL spend **£969m**	DEL spend **£1,012m**
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. • Jobcentre Plus.	• 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 DWP's welfare spending.	• Finance and commercial services. • Planning and performance management. • Reporting. • Business strategy. • Governance advice. • Security. • Business partnering.	• Digital, data and business transformation services. • Information management.	• Organisation design and development. • Human Resources. • Learning, development and skills. • People strategy. • Workplace transformation. • Estate.

Departmental family

DWP's public bodies employ around 4,000 people (full-time equivalents) with a net expenditure of around £430.6 million in 2021-22.[2]

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.[3] • BPDTS Ltd.[4] ■ • 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.[6]

■ Consolidated bodies that fall within DWP's accounting boundary.

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

Part Two // How DWP uses its resources

Where DWP spends its money

The Department for Work & Pensions (DWP) has one of the largest expenditures of any government department. In 2021-22, its total expenditure was £225.7 billion.[1]

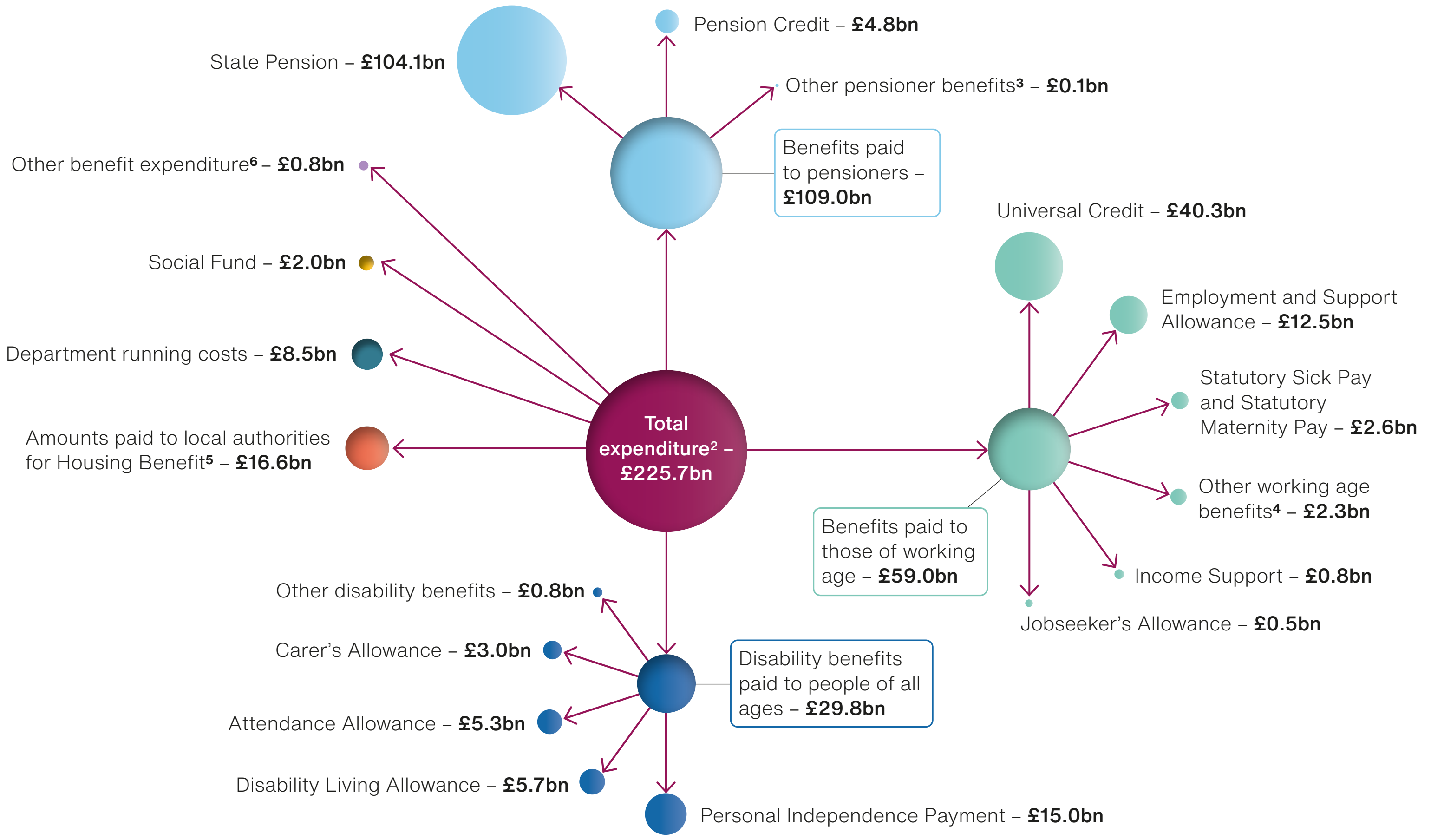
The majority of DWP's expenditure relates to benefit payments, which totalled £217.2 billion in 2021-22. Most of this is Annually Managed Expenditure (AME). AME is more difficult to predict, manage or forecast, so is not subject to multi-year spending limits set in Spending Reviews.

The largest element of benefit expenditure is paid to individuals of pension age, which in 2021-22 accounted for more than half (around £109 billion) of total benefit spend. The largest element of this is State Pension, which cost £104.1 billion in 2021-22.

A total of £59 billion of benefits was paid out to those of working age. The largest element of this was Universal Credit, which accounted for £40.3 billion in 2021-22.

Across people of all ages, disability benefits cost £29.8 billion and £16.6 billion was paid as Housing Benefit in 2021-22.

£8.5 billion of DWP's £9.6 billion Departmental Expenditure Limit (DEL) relates to its running costs. The remainder relates to discretionary benefit payments and programme costs. DEL is subject to spending limits set by government Spending Reviews.



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 DWP's Annual Report and Accounts 2021-22.

2 Total expenditure of £225.7 billion relates to total operating expenditure. Net operating costs of £224.5 billion also includes operating income, finance income and expense, and donated assets which collectively reduce operating costs by £1.2 billion to £224.5 billion.

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

4 Other working age benefits include: employment programmes, bereavement benefits and Maternity Allowance.

5 Housing Benefit is administered by local authorities to both pensioners and people of working age on behalf of DWP.

6 Other benefit expenditure includes programme balances and other related expenditure.

Source: Consolidated Statement of Comprehensive Net Expenditure, Department for Work & Pensions' Annual Report and Accounts 2021-22

Part Two // How DWP uses its resources

How DWP's spending has changed over time

Benefit and pension expenditure

DWP makes benefit and pension payments to more than 20 million people at any one time through its Annually Managed Expenditure (AME). In 2021-22 DWP's AME totalled £216 billion, around £3.5 billion more than in 2020-21.

State Pension, which accounts for nearly half of all AME, increased by £2.7 billion (2.6%) in 2021-22, primarily due to the up-rating of pensions through the Triple Lock.

DWP reports that benefits paid to working age people and children fell by £1.3 billion (1.5%) to £87.4 billion in 2021-22 due to a fall in unemployment.

Benefits paid to support people of all ages with a disability or health condition has increased overall, mainly through Universal Credit and Personal Independence Payments, driven by an increase in disability and health issues.

Departmental running costs

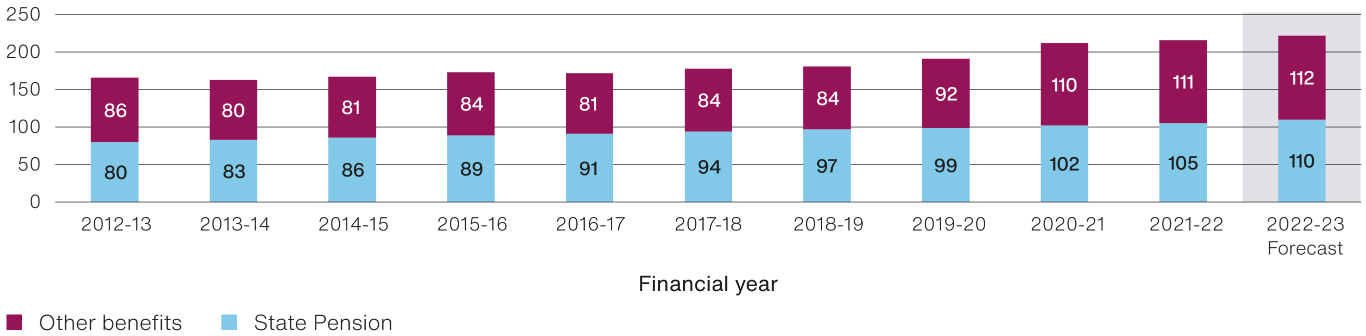
DWP's DEL expenditure has risen since 2019-20 by £3.6 billion (61%) to £9.6 billion in 2021-22 following Spending Review 2020. Additional COVID-19 funding accounts for £3.7 billion of the increase in 2021-22 with funds allocated to: staff resources, estates expansion and various labour market programmes.

The government made further funding announcements throughout 2021-22, for example £256 million for COVID-19 winter/local authority grants and £421 million for the Household Support Fund, increasing DWP's DEL budget to £9.82 billion in 2021-22. DWP spent £9.6 billion of this amount, £0.22 billion below its final budget.

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

In 2021-22, DWP's Resource AME spend increased by £3.5 billion and this trend is forecast to continue with a further increase of £6 billion in 2022-23

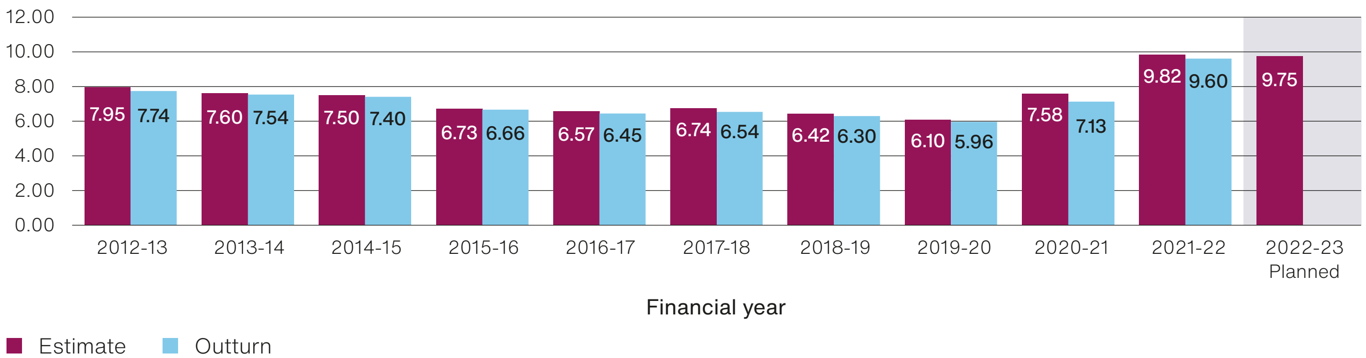
Resource AME spend (£bn)



DWP's Department Expenditure Limit (DEL) was decreasing but is now increasing

DWP's running costs fell by some £1.8 billion in nominal terms between 2012-13 and 2019-20 but increased by more than £3.6 billion to £9.6 billion in 2021-22. DWP forecasts this to stabilise at £9.75 billion in 2022-23

Total DEL spend (£bn)



Notes

1 2022-23 planned figure is per the Main Estimate 2022-23 Select Committee Memorandum (June 2022).

2 DWP'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 2022-23 Select Committee Memorandum (June 2022)

Part Two // How DWP uses its resources

DWP's spending plans

DWP's settlement in Spending Review 2021 provided a £1.3 billion increase in its resource Departmental Expenditure Limit (DEL) over three years to £6.9 billion in 2024-25

	Baseline 2021-22	Plans 2022-23	Plans 2023-24	Plans 2024-25	Total plans
	£bn	£bn	£bn	£bn	£bn
Spending Review 2021 settlement					
Resource DEL	5.6	7.6	7.2	6.9	**21.7**
Capital DEL	0.3	0.6	0.5	0.4	**1.5**
Ringfenced COVID-19 DEL	4.1				
Total DEL	**10.1**	**8.3**	**7.6**	**7.2**	**23.1**
Subsequent announcements					
Fraud, error and debt Resource DEL		0.1	0.2	0.2	**0.5**
Fraud, error and debt Capital DEL		0.0	0.0	0.0	**0.1**
Household Support Fund extension		0.8	0.0	0.0	**0.8**
Total Resource DEL		8.6	7.4	7.1	**23.0**
Total Capital DEL		0.6	0.5	0.4	**1.6**
Total DEL		**9.2**	**7.9**	**7.5**	**24.6**

Notes

1 Figures may not sum due to rounding.

2 The Spending Review baseline does not match the 2021-22 outturn and planned DEL for 2022-23 is now £9.75 billion due to changes in the supply estimate in the time between the Spending Review and the end of the year.

3 These figures exclude depreciation and inter-departmental transfers.

4 A Department Expenditure Limit (DEL) is subject to spending limits set by government Spending Reviews. Resource DEL is for day-to-day resources and administration costs. Capital DEL is for investment.

Source: Autumn Budget and Spending Review 2021, October 2021 and National Audit Office analysis of Department for Work & Pensions data

Funding announced for DWP in the Spending Review 2021 settlement, October 2021 included:

- more than £900 million each year for **work coaches** to support unemployed Universal Credit claimants;
- funding to support long-term unemployed people through the **Restart** scheme;
- £255 million to extend and complete the **Kickstart** scheme to March 2022;
- £90 million to extend the **Job Entry Targeted Support programme** for 2022-23;
- some £340 million each year for **disability employment programmes** and an additional £160 million over three years to provide **job finding support for disabled people**;
- some £510 million Resource DEL and £55 million Capital DEL over three years to **complete rollout of Universal Credit** by March 2025;
- an additional £90 million Resource DEL and £15 million Capital DEL to tackle **fraud and error**;
- some £2.6 billion over three years for **digital activity** to support delivery of benefits and improve the welfare system; and
- some £2.8 billion over three years to maintain and upgrade DWP's **estate**.

Subsequent major announcements

The government announced in December 2021 an additional £510 million to increase the DWP's capacity and capability to **tackle fraud and error**. The government forecast that this should deliver savings of £3.15 billion by 2026-27.

In March 2022 in Spring Statement 2022 the government announced an additional £500 million for the **Household Support Fund** from April 2022, on top of the £500 million provided since October 2021, bringing the total to £1 billion. This is to help households with the cost of essentials such as food, clothing and utilities. Of this, £842 million is passed by DWP to local authorities in England with the remainder for the devolved administrations. In May 2022 the government confirmed that it would provide a further £500 million to extend the fund from October 2022.

Part Two // How DWP uses its resources

Major programmes and key developments

DWP's Major Change Portfolio comprises six programmes included in the Government's Major Projects Portfolio (GMPP),[1] and eight other priority change programmes for which it is responsible.

DWP's Government Major Change Portfolio (descriptions of these programmes are on pages 9 and 10)

Highly likely · Probable · Feasible · In doubt · Unachievable · Exempt due to reset

DWP programmes included in the Government's Major Projects Portfolio

Programme recently removed from the Government's Major Projects Portfolio

Notes

1 Projects in the GMPP are risk-rated by the government's Infrastructure and Projects Authority (IPA). IPA published risk ratings over the life of these programmes and these are shown in the coloured squares under each project, in each year. Ratings indicate IPA's evaluation of the likelihood of a project achieving its aims and objectives, and doing so on time and on budget.

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

DWP programmes included in the GMPP

Universal credit (UC)

UC replaces six legacy benefits, including Tax Credits, for working age people, with one system that aims to make work pay for everyone. The next stage involves closing the legacy benefits. Due to the COVID-19 pandemic DWP suspended the migration from legacy benefits to UC in March 2020 and restarted in January 2022. It is encouraging claimants to check their entitlement to see if they will be better off claiming UC and will write to individuals to tell them when their legacy benefits will stop. DWP aims to complete the migration of legacy benefit claimants to UC by March 2025.

Health Transformation Programme (HTP)

DWP established HTP to introduce a new integrated health assessment service for health-related benefit assessments for Personal Independence Payment and Universal Credit. It has set up 'Health Transformation Areas' in London and Birmingham to test improvements. It has awarded service contracts for IT relating to Personal Independence Payments and is planning procurement for a Functional Assessment Service where a single supplier will provide all health assessments in a geographic area.

Pensions Dashboard Programme

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

Major programmes and key developments continued

DWP programmes included in the GMPP continued

Restart Programme

DWP launched Restart in June 2021, in response to the COVID-19 pandemic, to help long-term unemployed people into work. DWP now expects around half the number of participants that it originally forecast. As a result, it has made changes to the eligibility criteria and has renegotiated the contracts to reflect these lower volumes.

Building Safety Regulator

DWP is establishing the Building Safety Regulator, under the Health and Safety Executive, in response to Dame Judith Hackitt's *Independent Review of Building Regulations and Fire Safety*. It will lead the regulatory regime to protect people and places in all forms of buildings, across England. The Building Safety Regulator will have three key functions:

a. Leading the implementation of the new, more stringent regulatory regime for higher-risk residential buildings in scope.

b. Promoting competence among industry professionals and regulators who have key roles in delivering safe, high-performing buildings.

c. Oversight of the building safety and performance system.

Workplace Transformation Programme

DWP is reducing its estate footprint and aims to have a smaller, better and greener public estate to improve the quality of accommodation for its customers and staff.

Other priority projects managed by DWP:

Fraud, error and debt (2012–2025)

DWP's portfolio of fraud, error and debt projects focus on digital services for claimants and staff including automation, improved access to quality management information, use of data and analytics to prevent and detect fraud and error and an online self-service facility for customers to repay debt. It is not managing its broader fraud and error strategy (page 13) as a change programme.

Employers, Health and Inclusive Employment (2022–2025)

DWP is undertaking a portfolio of work to support disabled people, people with health conditions, older workers and carers to enter and remain in work along with supporting the impact of work on health.

Scottish devolution (2015–2025)

DWP is supporting the Scottish Government to take on devolved welfare powers arising from the Scotland Act 2016. Some 670,000 customers will see one or more of their benefits transferred.

DWP reimagine (2019–2027)

DWP is reforming Finance and HR services for itself and three other government departments as part of the wider government Synergy shared services programme.

Future method of payment (2018–2022)

DWP is working to safely exit customers from their Post Office Card accounts into mainstream bank accounts; and, in exceptional cases where customers cannot access a bank account, to a single New Payment Exception Service.

Enhanced Customer Support (2022–2025)

DWP is working to: measure the impact of work coaches working with claimants with health conditions and older workers; provide support for in-work progression for some groups; and provide a dedicated champion role for the older workers and in-work progression trials.

Service modernisation (2022–2025)

DWP has established a programme to provide the governance necessary to its key modernisation activities.

My planner (2018–2023)

DWP is undertaking a trial to assess new ways of working that potentially provide more flexibility for individuals and better information for DWP about its workforce.

Part Two // How DWP uses its resources

Staff and pay

Movement in full-time equivalent (FTE) staff numbers and related costs

DWP reduced its FTE workforce numbers between 2012-13 and 2019-20 before increasing staff numbers by nearly one-fifth between 2019-20 and 2020-21. DWP increased staff numbers, and staff costs, as it managed the increased demand brought about by the COVID-19 pandemic.

DWP has kept the number of staff relatively stable between 2020-21 and 2021-22. This is to support the delivery of the Government's Plan for Jobs and the additional demand for DWP's services.

Although staff numbers at year end have been stable the average number of staff increased from more than 80,000 in 2020-21 to more than 89,000 in 2021-22. This was due to DWP's continued response to COVID-19. Staff costs have therefore increased by £370 million (10%) between 2020-21 and 2021-22. DWP expects staff costs to fall in 2022-23.

Staff numbers and location (headcount)

Based on headcount, counting a part-time worker as one member of staff, as at 31 March 2022 DWP group was the largest department with more than 95,000 staff, some 19% of the UK civil service as a whole.

As at 31 March 2022, DWP (Core Department and the HSE) had the highest number of its staff in the North East and North West with 29,590 staff based there, some 31% of its headcount. DWP had 10,120 (11%) staff based in London – this is a lower proportion than the UK civil service as a whole, which had 21% of staff based in London.

Department for Work & Pensions' staff numbers and cost 2012-13 to 2022-23

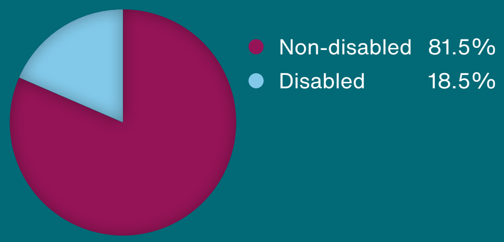
Source: *Department for Work & Pensions Annual Report and Accounts 2021-22* and previous years

Part Two // How DWP uses its resources

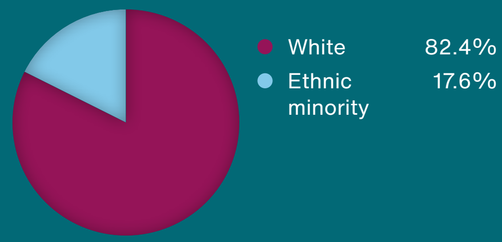
Staff and pay continued

Gender

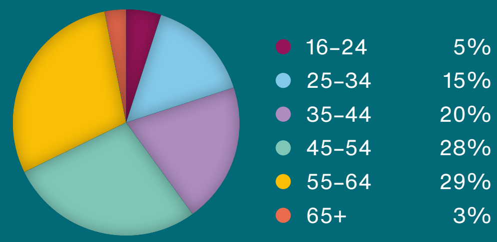
Disability



Ethnicity



Age



Source: Civil service statistics: 2022, available at: www.gov.uk/government/statistics/civil-service-statistics-2022

Staff composition and pay

DWP has the highest proportion of junior grade staff of all departments, with 82.5% of staff at Executive Officer (EO) grade and below. Compared with the UK civil service as a whole, DWP has the highest percentage of employees working part-time (34.1% in 2022, down from 35.3% in 2021).

DWP's median remuneration of **£27,710** is lower than the civil service median of **£30,110**.

DWP's mean gender pay gap rose to **5.9%** in 2022.

Gender pay gap

In 2021 DWP's mean gender pay gap decreased by 1.2 percentage points to 4.2% but rose to 5.9% in 2022. The mean gender pay gap for the civil service also rose, from 7.8% in 2021 to 8.5% in 2022. The gender pay gap arises because women are under-represented in more senior grades, relative to DWP's workforce as a whole.

Staff diversity

DWP continues to have a diverse workforce compared with the civil service average, and has made recent improvements to representation in its Senior Civil Service (SCS) grades.

In 2018, DWP set a target that by 2025 it would achieve gender parity of 50% for all newly promoted SCS; those new to DWP, or new to the SCS role within DWP. DWP has since exceeded this target every year. The proportion of SCS roles filled by women has risen as a result from 39.2% in 2017 to 53.2% in 2022.

Overall, ethnic minority representation across DWP has increased from 13% in March 2019 to 17.6% in March 2022, with increases across all grades. This is predominantly being driven by increases within junior grades where DWP has focused its recruitment activity.

Part Three // Key services and developments

Fraud and error in benefit expenditure

The C&AG's opinion has been qualified for 34 years

The C&AG has qualified his opinion on the regularity of the Department for Work & Pension's (DWP's) 2021-22 accounts due to the material level of fraud and error in benefit expenditure.[1]

Fraud and error in benefit expenditure remains at a record level following the COVID-19 pandemic

Fraud and error overpayments have been increasing for some time, reaching 4.7% of benefit expenditure in 2019-20 (excluding state pension). Overpayments increased significantly in 2020-21 and DWP estimates that it overpaid £8.5 billion, or 7.6% of benefits in 2021-22.

Within this, fraudulent Universal Credit overpayments have reached £5.2 billion. DWP's estimated rate of Universal Credit overpayments has increased each year since its introduction and is now 14.7%, the highest level for any benefit ever recorded.

The COVID-19 pandemic led to an increase in benefit claims, and more claims with complex circumstances. DWP also introduced control easements, relaxing around 200 controls to ensure that millions of new Universal Credit claimants were paid on time. Together these factors led to the increase in fraud. DWP had not removed all control easements by the time of our audit of the 2021-22 accounts and has not identified all fraudulent claims, which will often remain in payment until they are identified.

DWP plans to spend an additional £613 million over three years to tackle fraud and error

The policy paper *Fighting Fraud in the Welfare System* set out DWP's plan to invest in new counter-fraud activities, obtain new legal powers to investigate fraud, and work more closely across government. This includes 2,000 staff for a new Targeted Case Review of the highest-risk Universal Credit cases.

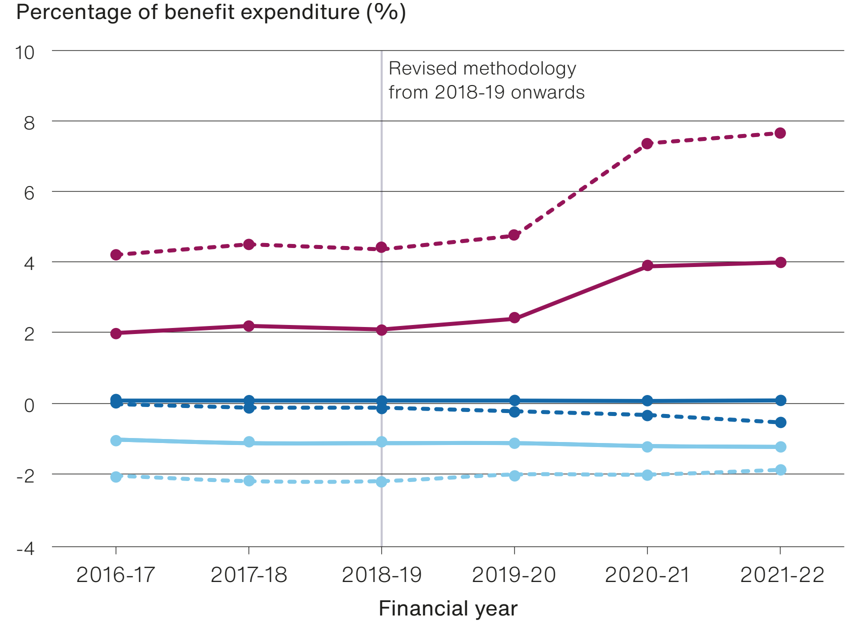
DWP believes these measures will save £4 billion over the next five years but it has not published a fraud and error target. DWP has committed to publish the consequent savings in its annual report and accounts.

Note

1 We exclude State Pension from the qualification because it has a lower level of annual fraud and error (with 0.1%/£110 million of overpayments). Removing it also makes it easier to understand the trends in fraud and error in other benefits. Further details can be found in the Report on Accounts: Department for Work & Pensions, July 2022.

The Department for Work & Pensions' (DWP's) overpayments and underpayments in benefit expenditure, 2016-17 to 2021-22

Overpaid benefit expenditure remains at record levels in 2021-22



	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
All overpayments	2.0	2.2	2.1	2.4	3.9	4.0
Overpayments excluding State Pension	4.2	4.5	4.4	4.7	7.3	7.6
All underpayments	-1.0	-1.1	-1.1	-1.1	-1.2	-1.2
Underpayments excluding State Pension	-2.0	-2.2	-2.2	-2.0	-2.0	-1.9
State Pension overpayment	0.1	0.1	0.1	0.1	0.1	0.1
State Pension underpayment	0	-0.1	-0.1	-0.2	-0.3	-0.5

Note

1 See full report for notes.

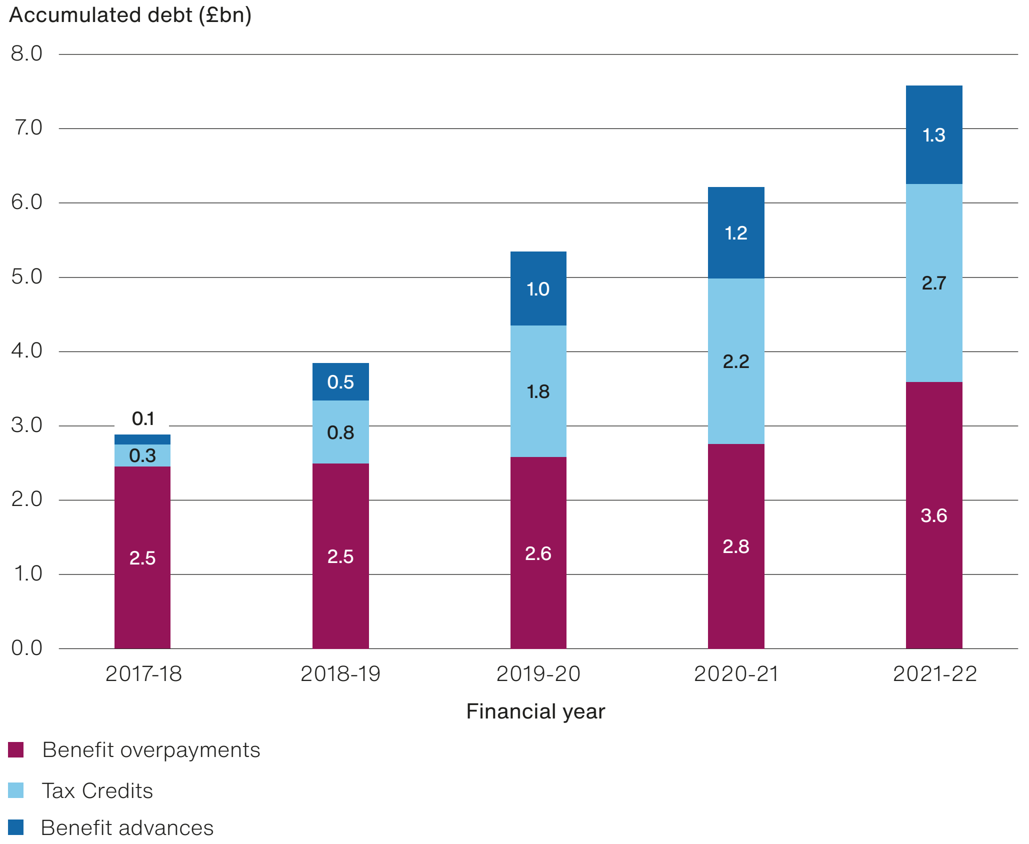
Source: Comptroller and Auditor General, *Report on Accounts, Department for Work & Pensions*, National Audit Office, July 2022

Part Three // Key services and developments

Debt management

Debt – Amounts owed to the Department for Work & Pensions (DWP) from benefit overpayments, Tax Credits and advances 2017-18 to 2021-22

Debt from benefit overpayments, Tax Credits and advances has increased each year since 2017-18, reaching £7.6 billion in 2021-22



Notes

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

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

3 Benefit advances mainly relate to Universal Credit and are treated as an overpayment for recovery purposes.

Source: National Audit Office analysis

DWP is owed £7.6 billion by around five million claimants for accumulated overpayments detected on individual cases and benefit advances

This is a £1.4 billion (22%) increase on last year, and DWP expects this pattern to continue until it has fully embedded its new prevention measures. Of the £7.6 billion of debt accumulated at 31 March 2022:

- £3.6 billion relates to benefit overpayments, an £836 million (30%) increase on last year, in part due to the increased focus on reviewing live claims for overpayments;
- £2.7 billion relates to Tax Credits, a £439 million (20%) increase on last year as people previously on Tax Credits take up Universal Credit; and
- £1.3 billion relates to benefit advances, a £95 million (8%) increase on last year due to the increase in Universal Credit claimants.

DWP has impaired £3.0 billion (39%) of these outstanding amounts, meaning that it considers this amount of the debt to be potentially unrecoverable.

Recovery of debt

For all debt types, including from benefit overpayments, Tax Credits and benefit advances, DWP recovered £2.7 billion in 2021-22, an increase of some £450 million (20%) on last year. This includes (numbers rounded): £0.9 billion in Universal Credit advances; £0.6 billion in benefit overpayments; and £0.5 billion in Tax Credit debt. Recovery from benefit remains DWP's most efficient source of recovery, with 78% of debts recovered through this method. This takes place via capped deductions from claimants' existing benefit awards or by other means, such as deduction from earnings, if a benefit is no longer in payment.

By 31 March 2022, DWP had detected and recorded £648 million (8%) of overpayments relating to 2021-22, where DWP can identify the individual claimant and attempt recovery. DWP is likely to detect and record further 2021-22 overpayments in subsequent years. For example, in 2021-22, it recorded around £840 million of further debt relating to 2020-21 overpayments.

Part Three // Key services and developments

Child Maintenance Service

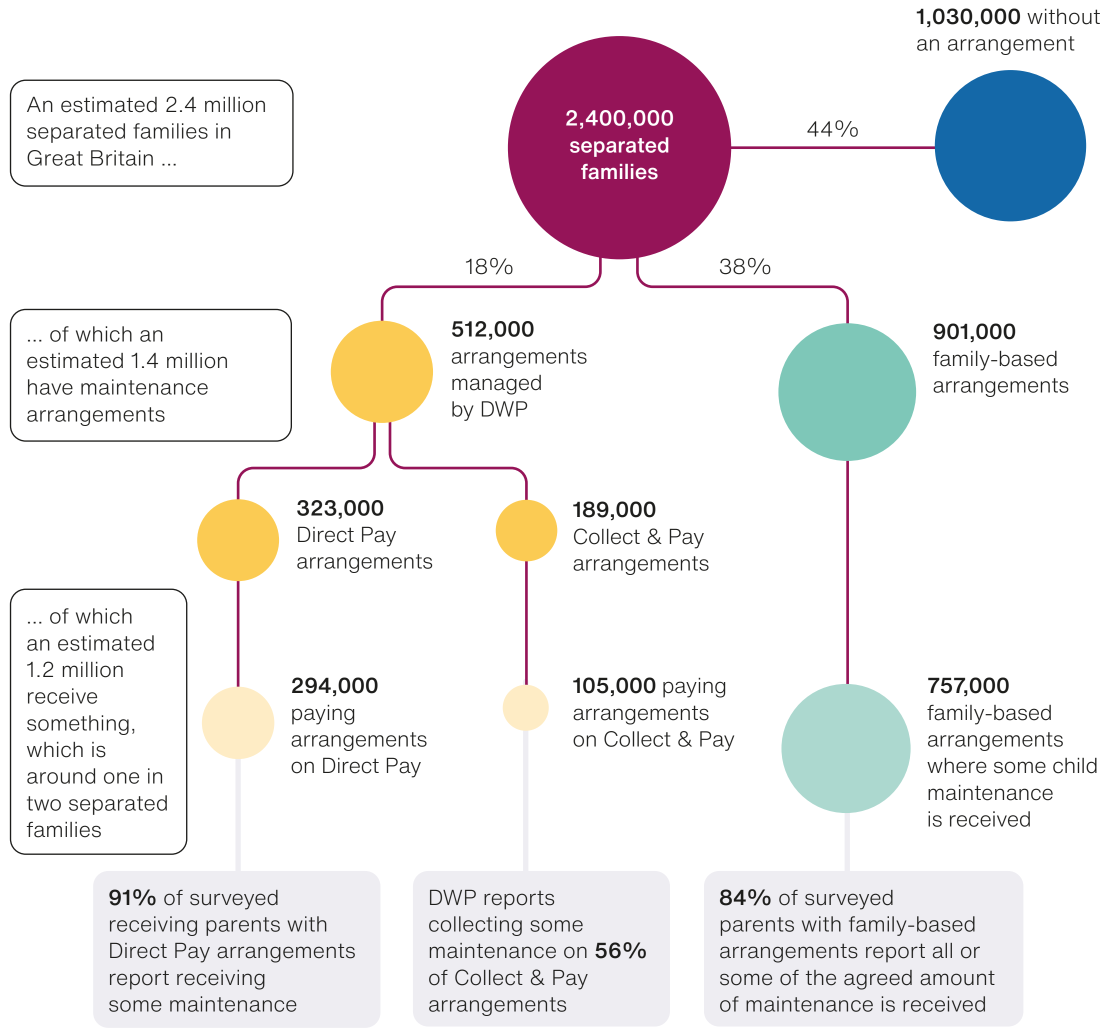
DWP offers two types of statutory arrangement under the Child Maintenance Service (CMS): Direct Pay and Collect & Pay. Under Direct Pay DWP calculates the maintenance due, with parents transferring money between themselves. Under Collect & Pay DWP calculates and then arranges the transfer of maintenance between parents for which it charges fees.

In 2012 the government introduced reforms to the child maintenance system designed to reduce government spending on administering child support and maximise the number of effective maintenance arrangements made without state involvement. Our March 2022 report *Child maintenance* found that DWP has improved value for money in its management of the service and has significantly improved its accuracy and collection rates. DWP acknowledges, however, that there remains much more it can do to improve the service, including:

- **investigating why fewer people are taking up CMS than expected and tackle any inappropriate barriers that prevent families using its services:** parents now rely less on the state to help them make child maintenance arrangements. The number of people making a family-based arrangement has increased as intended and take-up of the statutory scheme has reduced – but there has also been an increase in those with no arrangement;
- **improving the effectiveness of Direct Pay arrangements:** 90% of separated families using CMS start with Direct Pay but around half of new Direct Pay arrangements are either not sustained or are not effective;
- **continuing to improve the effectiveness of Collect & Pay collection and enforcements:** DWP has improved the accuracy of its maintenance calculations. Collect & Pay compliance has improved, but at least half of paying parents on Collect & Pay still do not pay, pay less than they should, or pay late; and
- **reviewing its write-off strategy for the Collect & Pay service child maintenance arrears:** The growing balance of unpaid debts on the statutory schemes is giving parents hope that they will receive money that will likely never be paid. Unless DWP writes off more CMS debt, outstanding arrears will grow indefinitely and are forecast to reach £1 billion by March 2031 at current rates.

The Committee of Public Accounts published its report *Child Maintenance* in June 2012 and the government responded to its recommendations in a Treasury Minute in September 2022.

Estimate of the number of separated families where at least some child maintenance is received in 2019-20



Notes

1 See full report for notes.

2 Our estimate is indicative and subject to a large degree of uncertainty. More detail on the calculations for the estimate are provided in Appendix Four of our report.

3 Since our report, DWP has introduced a new digital service to help people arrange child maintenance and reports that applications increased by 38% in the first quarter to March 2022.

Source: National Audit Office analysis of Department for Work & Pensions' (DWP's) data

Part Three // Key services and developments

Employment support programmes

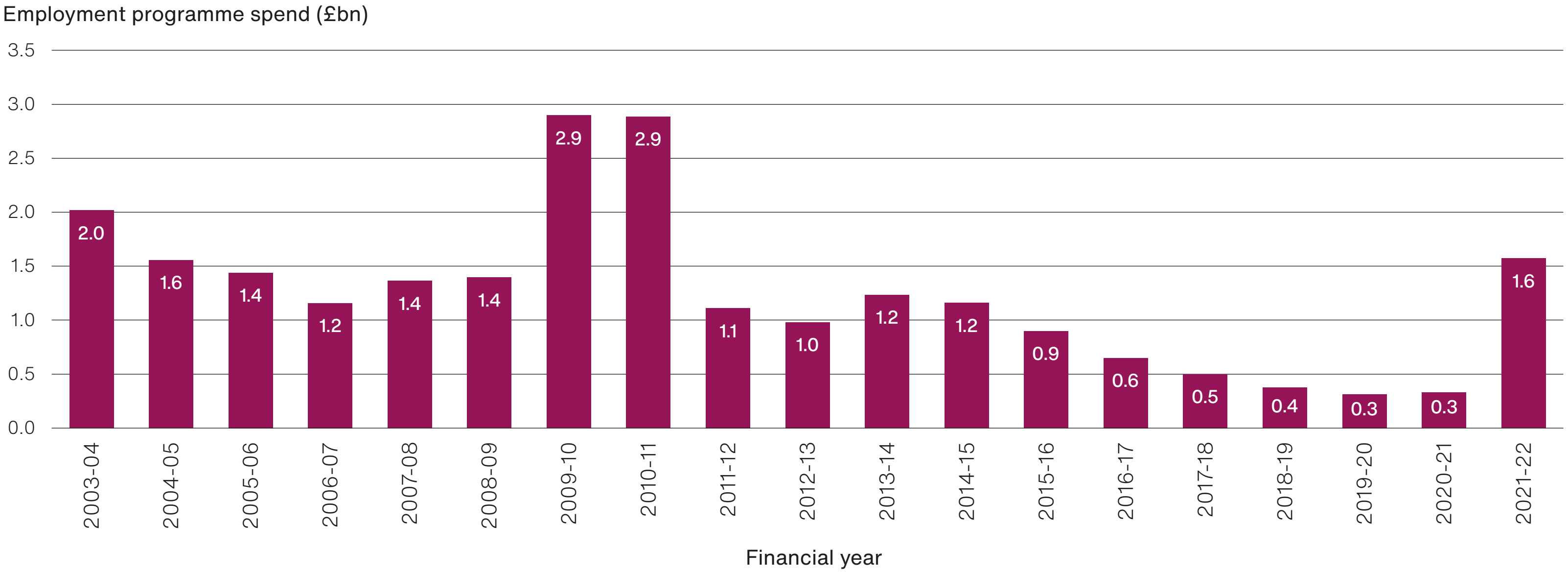
DWP significantly increased its expenditure on employment support as part of its response to the COVID-19 pandemic, from £330 million in 2020-21 to £1.6 billion in 2021-22.

Around £1.1 billion of this £1.6 billion in 2021-22 was on two major employment support interventions:

- **Kickstart** (£745 million in 2021-22): Launched in September 2020, DWP invited employers to create jobs for young people at risk of long-term unemployment. DWP funded these jobs at the relevant minimum wage for six months. The last Kickstart jobs began in March 2022 and finished in September 2022.
- **Restart** (£336 million in 2021-22): Launched in June 2021, DWP pays contractors to provide employment support with their fees partly based on the number of participants moving into sustained work. The scheme was initially targeted at people who had been on Universal Credit for between 12 and 18 months but, in response to significantly fewer people going onto the scheme than had been anticipated, is now open to people after nine months.

Cost of employment support programmes

DWP increased its expenditure on employment support from £330 million in 2020-21 to £1.6 billion in 2021-22



Notes

1 Excludes the cost of Department for Work & Pensions (DWP) staff such as work coaches.

2 Figures are the amounts recorded as spent on employment programmes in the DWP's financial statements, presented in real terms (2021-22 prices).

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

NAO work on employment support:

Employment support (June 2021): This report set out the challenges DWP would face as it increased its employment support offer. Challenges included matching support to claimants' needs and demand, ability to evaluate its schemes, and assuring quality of work coach decisions.

Kickstart (November 2021): This report found that DWP launched Kickstart quickly in the summer of 2020 but that later reopening of the economy after lockdowns increased the risk of government subsidising jobs that would have been created anyway. We found DWP did not monitor the aspects of the scheme that were likely to determine its success, so had limited assurance it was having the positive impact intended.

Restart (work in progress): We are currently completing a study into the Restart Scheme, in which we expect to cover how Restart was set up, its commercial arrangements, and performance of the scheme so far.

Part Three // Key services and developments

Changes in the claimant count and unemployment

Changes in the claimant count and unemployment

Between January 2020 and July 2020 the number of people claiming unemployment-related benefits increased from 1.29 million to 2.73 million. This started to fall from April 2021 following the opening up of the economy.

Some people in receipt of benefits are in employment, but do not have enough income to stop unemployment-related benefit payments. The proportion of claimants in employment is similar now to before the COVID-19 pandemic (17% in February 2020, 15% in April 2022).

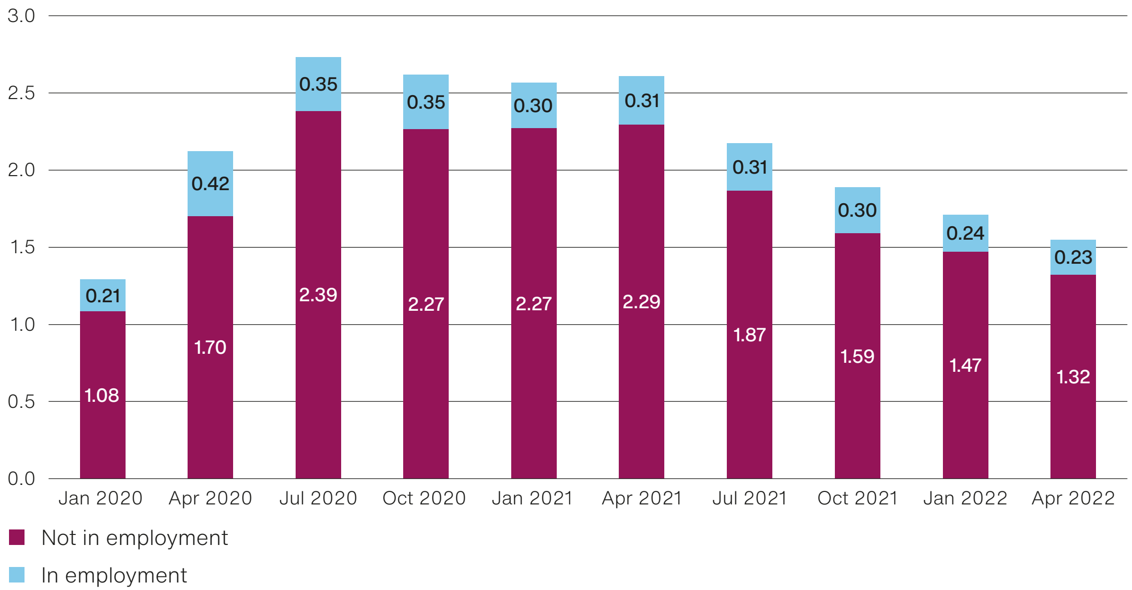
While the number of people claiming unemployment-related benefits remains higher overall than it was before the pandemic, the unemployment rate has fallen below pre-pandemic levels from 4.0% in January to March 2020 to 3.5% in June to August 2022. Our June 2021 overview of employment support set out some of the possible reasons why the official unemployment rate and the claimant count are no longer synchronised.

3.5%
unemployment rate in June to August 2022

Number of people in receipt of unemployment-related benefits

The number of people claiming unemployment benefits has been falling since April 2021

Number of people claiming unemployment-related benefits (million)



Note

1 The figure shows the Department for Work & Pensions' (DWP's) alternative claimant count metric, which it describes as showing the number of people claiming Universal Credit who are in the 'searching for work' conditionality group, or people claiming Jobseeker's Allowance. Available at: https://stat-xplore.dwp.gov.uk/

Source: National Audit Office analysis of Department for Work & Pensions data

Way to Work

Way to Work was a DWP initiative to refocus work coaches on having face-to-face meetings with claimants, to link employers with suitable claimants, and reduce the amount of time claimants can look for jobs in only their preferred field of work from three months to four weeks. The initiative is targeted predominantly at those in the intensive work search group on Universal Credit and also includes claimants of Jobseeker's Allowance.

DWP set a target for 500,000 'movements into work' between February and June 2022 (that is, the number of people in the target group who had no earnings in February 2022 and then subsequently had any earnings between March and June 2022). It will be difficult for DWP to evaluate Way to Work, and to disaggregate the impact of this initiative from its employment support schemes and wider changes in the economy and the labour market.

Part Three // Key services and developments

Universal Credit

DWP introduced Universal Credit to replace six means-tested benefits for working-age households, known as legacy benefits:

- Jobseeker's Allowance
- Income Support
- Housing Benefit
- Employment and Support Allowance
- Working Tax Credit
- Child Tax Credit

In doing so, it aims to:

- encourage more people into work by introducing better financial incentives, simpler processes and increasing requirements on claimants to search for jobs;
- reduce fraud and error; and
- reduce the costs of administering benefits.

The programme timetable

DWP started work on Universal Credit in 2010 with an original completion date of October 2017. However, the government reset the programme in 2013 and plans have changed several times since then.

In 2020, DWP was testing arrangements to move existing claimants to Universal Credit in Harrogate. It suspended this to help manage the impact of the COVID-19 pandemic on the benefits system. In Spending Review 2021, the government announced its plan to complete the rollout of Universal Credit and to stop all legacy benefits by March 2025. This final stage of the programme is known as 'Move to Universal Credit'.

Risks to Move to Universal Credit

DWP is aware that it needs to manage **key risks** including:

- that claimants whose legacy benefits are stopped experience a break in their benefit income – either because they fail to apply for Universal Credit or DWP is slow to process the new claim. This may particularly affect vulnerable people and those with more complex claims, who may be at greater risk of struggling under the Universal Credit regime; and
- the lack of contingency in the programme following the suspension of the move to Universal Credit due to the COVID-19 pandemic and its restart in January 2022. This limits DWP's ability to delay migration without moving back the overall programme timetable.

Previous NAO work on Universal Credit

Universal Credit: early progress (September 2013) describes the evolution of the Universal Credit programme and the sequence of events leading to the reset in early 2013. We compare DWP's progress against its plans, and review how it managed the programme.

Universal Credit: progress update (November 2014) and ***Rolling out Universal Credit*** (June 2018) examine DWP's progress in implementing Universal Credit. We describe the evolution of the Universal Credit programme since the reset and evaluate DWP's future plans.

Universal Credit: getting to first payment (July 2020) examines how DWP is managing the process of getting to first payment in Universal Credit. We describe how the process is working and the impact on claimants. We reported that DWP had extended the programme to 2024-25.

Part Three // Key services and developments

Move to Universal Credit

The plan for Move to Universal Credit

Since 2017, claimants on legacy benefits whose circumstances change have needed to make a new Universal Credit claim (a process known as ‘natural migration’). In future, DWP will write to claimants to tell them their legacy benefits will stop and that they need to make a new Universal Credit claim, a process of ‘managed migration’.

DWP restarted its programme to move claimants to Universal Credit in January 2022 with a phased plan.

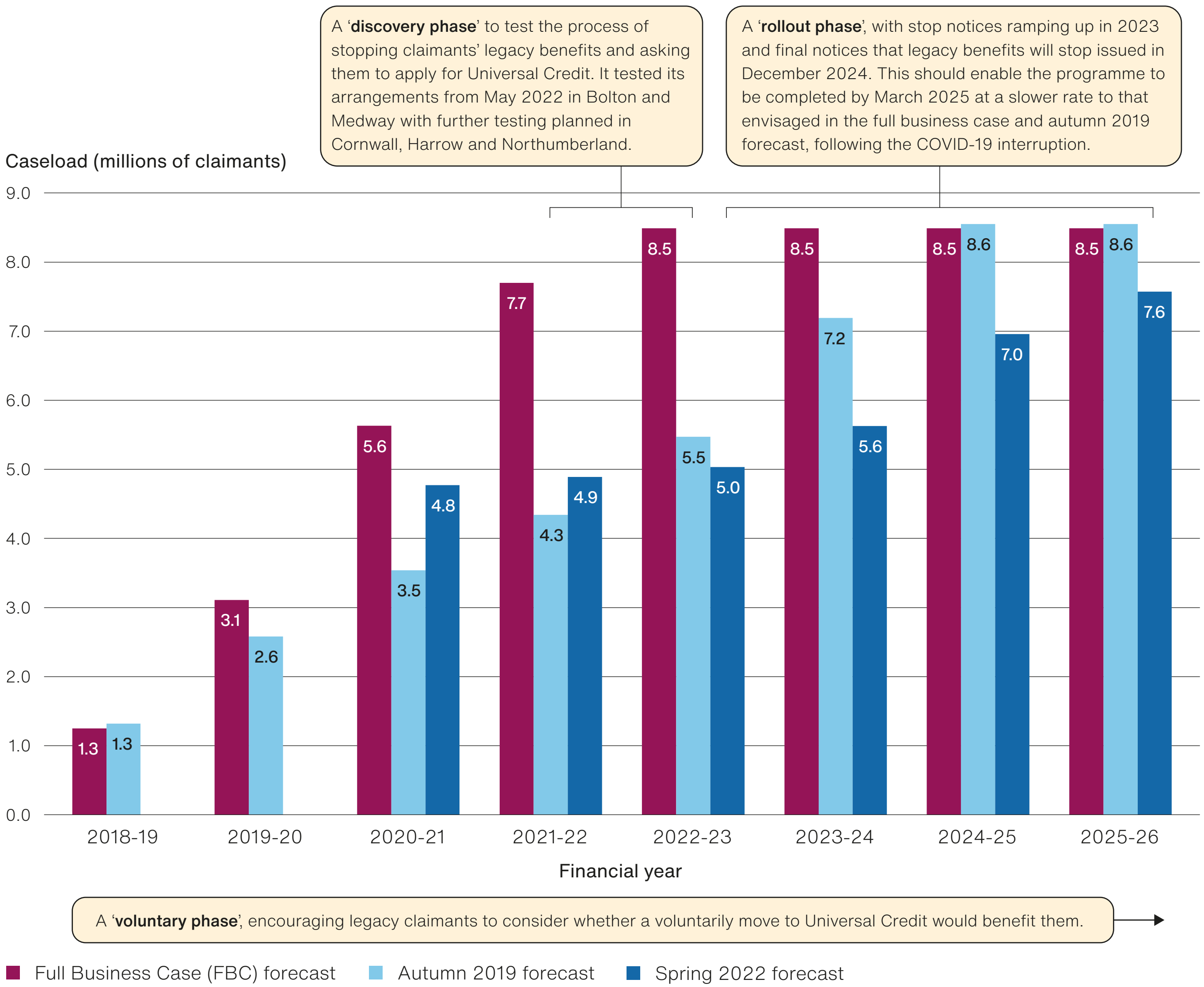
In restarting the programme post-COVID-19 DWP has revised its forecast of how quickly claimants will move from legacy benefits to Universal Credit.

1.6 million households

DWP estimates that in April 2022 there were some 2.6 million households in receipt of legacy benefits. Of these it estimates that it will move 1.6 million households to Universal Credit through ‘managed migration’.

Universal Credit timeline

In spring 2022, the Department for Work & Pensions (DWP) revised its forecast of how quickly claimants will move from legacy benefits to Universal Credit



Note

1 The spring 2022 forecast refers to DWP’s latest forecast following its restart to the programme in January 2022 post-COVID-19.

Source: National Audit Office analysis of Department for Work & Pensions data

Part Three // Key services and developments

Universal Credit – benefit sanctions

DWP suspended face-to-face appointments, and eased its sanctions regime to focus on the increased demand for benefits, as a result of the COVID-19 pandemic

As part of its design of Universal Credit, DWP increased the conditions placed on claimants with the aim of encouraging more people into work. Conditions are based on a claimant's capabilities and circumstances and might include doing all they can to find a job or earn more and being in regular touch with their work coach.

- If a claimant fails to meet any of the responsibilities agreed in their claimant commitment without good reason, their benefit payment may be reduced, known as a sanction.
- In response to COVID-19, at the end of March 2020, DWP suspended mandatory face-to-face appointments. DWP also suspended conditions placed on claimants so that it could focus on the increased demand for benefits.

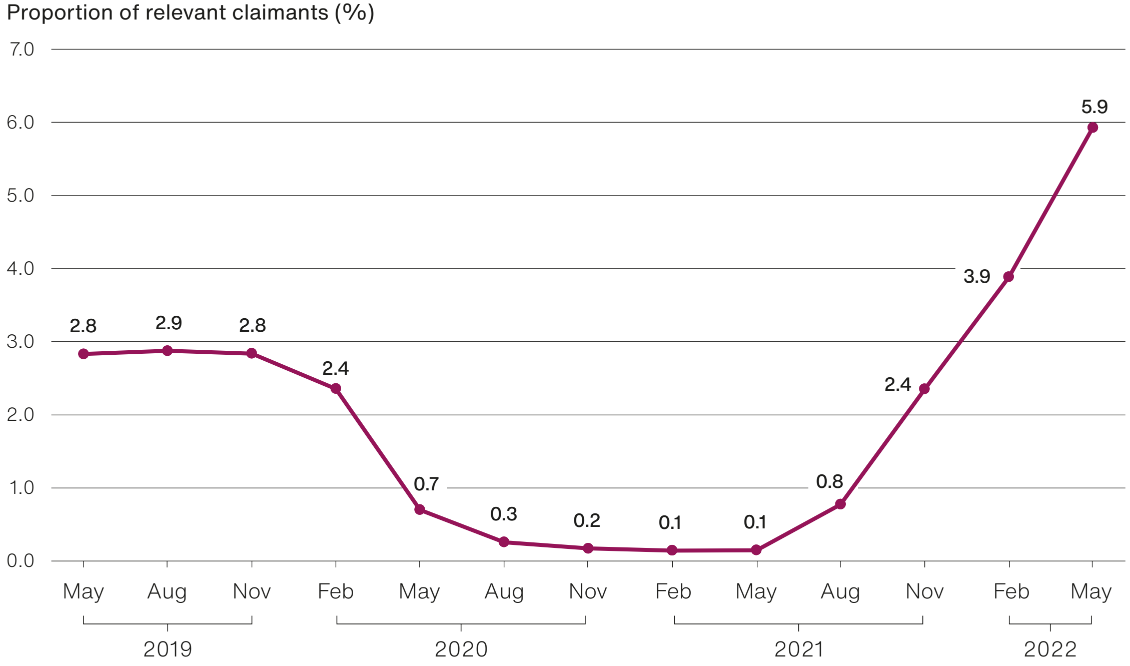
Following reintroduction of face-to-face appointments, the proportion of claimants subject to sanctions has increased to nearly 6%

In early 2020, the proportion of claimants with conditions subject to sanctions was below 3%.

- DWP gradually reintroduced face-to-face appointments for all claimants from April 2021.
- The proportion of claimants subject to sanctions then started to increase, reaching 5.9% in May 2022.
- The proportion of claimants with conditions that could be subject to sanctions fell from 50% in April 2020 to 33.3% in May 2022. The increase in the proportion subject to sanctions therefore reflects a substantial rise in the number of adverse sanction decisions by DWP.

Percentage of relevant claimants subject to benefit reductions (sanctions) May 2019 to May 2022

The proportion of claimants subject to sanctions has increased to nearly 6% in May 2022, more than double the proportion subject to sanctions in 2021 before the COVID-19 pandemic



Notes

1 Data show Universal Credit full service claimants with a sanction deduction, as a proportion of claimants with conditions where sanctions can be applied.

2 The number and proportion of sanctions for claimants on Jobseeker's Allowance and Employment and Support Allowance have steadily reduced due to migration to Universal Credit and are now very low.

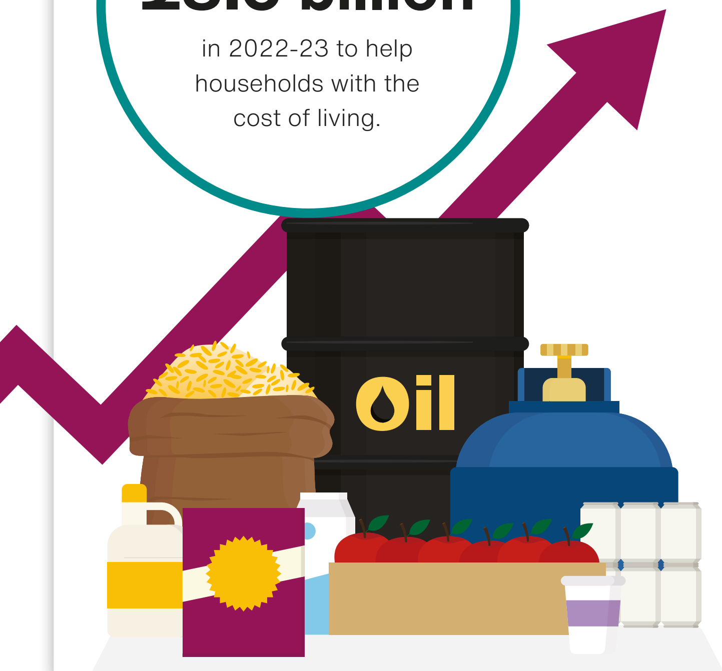
Source: Department for Work & Pensions, Benefit sanctions statistics to April 2022 (experimental), August 2022

Part Three // Key services and developments

Cost of living support

In May 2022 the Chancellor announced a package of support worth more than £15 billion to help households with the rise in the cost of living. This package includes a one-off grant of £400 to all households to help with energy bills, administered by the Department for Business, Energy & Industrial Strategy. It also includes several measures that will be administered by DWP, for which it has budgeted a total of more than £8.6 billion in 2022-23:[1]

DWP has budgeted more than
£8.6 billion
in 2022-23 to help households with the cost of living.



£650

one-off cost of living payment for people on means-tested benefits. More than eight million households on means-tested benefits will receive payments of £650. DWP is making these payments in two instalments, the first of which it began to pay in July 2022 and the second to follow in the autumn, subject to satisfying eligibility criteria at the qualifying payment dates.[2]

£300

one-off pensioner cost of living payment. More than eight million pensioner households that receive the Winter Fuel Payment will be paid an extra £300 this year to help them cover the rising cost of energy this winter. This will be paid on top of any other one-off support they are entitled to, for example Pension Credit or disability benefits.

£150

one-off disability cost of living payment. Around six million people across the UK who receive a disability benefit will receive a one-off payment of £150.[3] For disability benefit recipients who also receive eligible means-tested benefits, this £150 will be on top of the £650 they will receive separately.

£500m

increase and extension of the Household Support Fund. Of the £500 million, DWP will provide £421 million to local authorities in England. Local authorities have discretion on exactly how this funding is used. DWP expects that it should primarily be used to support households in the most need, particularly those including children and pensioners who would otherwise struggle with energy bills, food and water bills. The devolved administrations will receive the remaining £79 million. This funding will extend the Household Support Fund from October 2022 to March 2023, and bring the total amount provided to £1.5 billion since October 2021.

The one-off payments will be made directly to eligible people across the UK, so claimants do not need to take any action. Dates for payment of the pensioner and disability payments have yet to be announced. The payments will be tax-free, will not count towards the benefit cap, and will not have any impact on existing benefit awards.

In addition to these specific schemes, DWP expects a generally increased demand for the benefits it administers and services it provides, as citizens seek additional income to adjust for the cost of living increases, the economic environment and general global instability.

Notes

1 DWP introduced its new measures for Cost of Living in its Main Supply Estimates for 2022-23 with an increase in Annually Managed Expenditure of £5.7 billion for one-off cost of living payments and £2.6 billion for one-off pensioner cost of living payments alongside Winter Fuel Payments and an additional £0.4 billion in its Departmental Expenditure Limit for the Household Support Fund. Numbers may not sum due to rounding.

2 This includes all households receiving the following benefits: Universal Credit, Income-based Jobseeker's Allowance, Income-related Employment and Support Allowance, Income Support, Working Tax Credit, Child Tax Credit and Pension Credit.

3 This includes people in receipt of: Disability Living Allowance, Personal Independent Payment, Attendance Allowance, Scottish disability benefits, Armed Forces Independence Payment, Constance Attendance Allowance, and War Pension Mobility Supplement.

Part Three // Key services and developments

DWP's estate

DWP has set up

194

temporary jobcentres to support the government's plan for jobs

800

In early 2021 DWP had more than 800 sites across Great Britain, most of which are Jobcentres. All sites are leasehold.

194

DWP has set up 194 temporary jobcentres to support the government's plan for jobs and deal with increased demand. The new centres are to make intensive work-search support available to claimants.

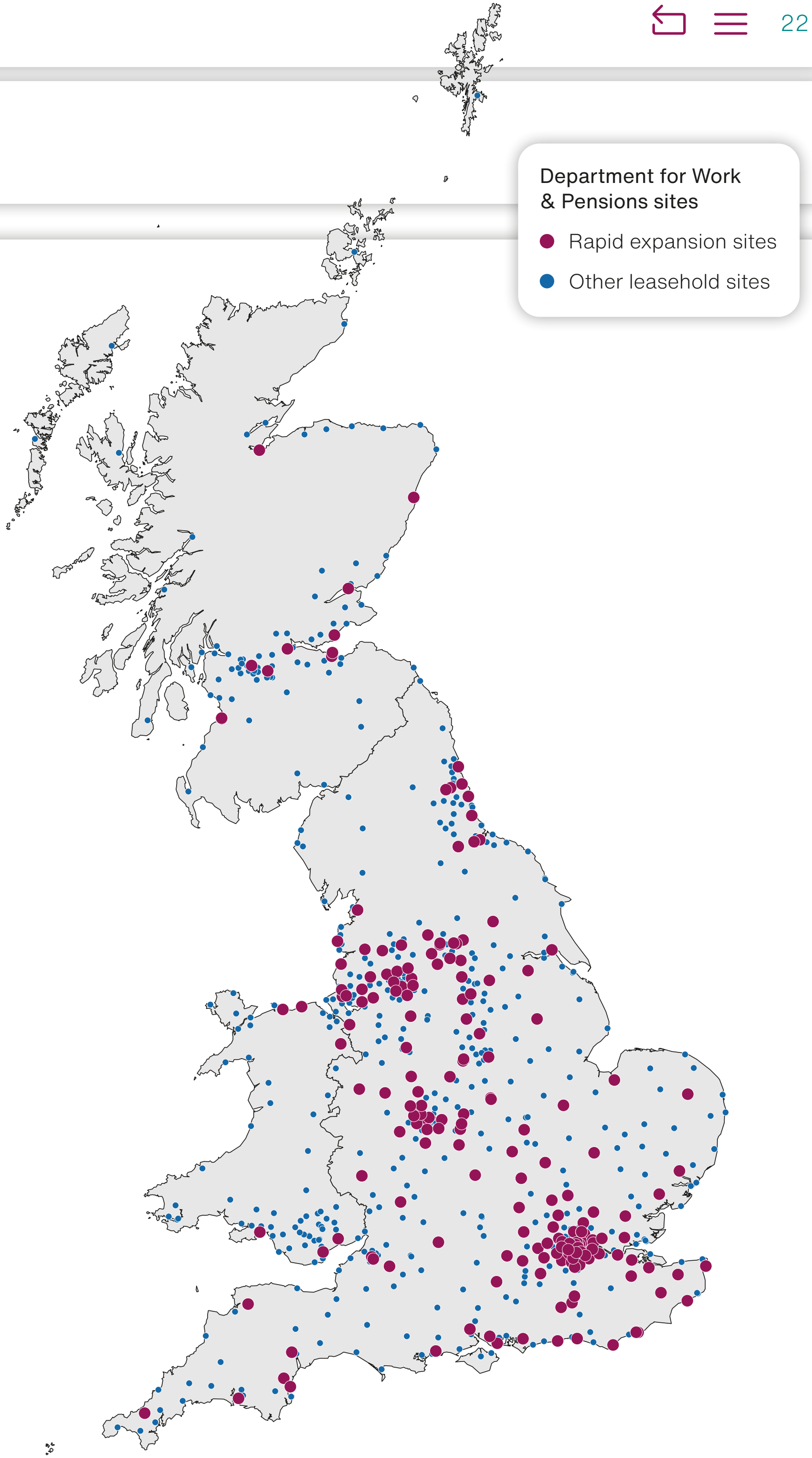
980

To achieve this, DWP has extended existing sites and opened new leasehold sites through its Rapid Estates Expansion Programme. By March 2022, the number of DWP's sites had increased to more than 980.

DWP told us that it now plans to reduce its jobcentre estate back down to pre-pandemic levels.

DWP plans to reduce the size of its estate over the next 10 years

- DWP, through its Workplace Transformation Programme, plans to reshape how, where and when it delivers its services. The programme is due to end in 2032.
- DWP plans to have an estate that is smaller, greener and better, which will deliver efficiencies and enable modernisation and transformation. It intends that this will be value for money, achieve substantial business benefits and enable investment to improve the working environment in its remaining buildings, while delivering its sustainability ambitions.
- DWP plans to take advantage of changes in expectations around customer service delivery and ways of working post-COVID-19, build on digital transformation of services and make use of estate lease breaks.



Part Four // Customer service

Payment timeliness

In general, the Department for Work & Pensions (DWP) has improved the timeliness of Universal Credit payments from April 2017 to April 2022.

All Universal Credit claims

In April 2022 DWP paid 95.1% of Universal Credit payments in full on time, a slight improvement from 94.5% in April 2021. This continues the steady increase from April 2017 where 76.4% of claims were paid in full on time. Nearly 99% of claimants have received some of their payment on time, a figure which has remained broadly stable since April 2020.

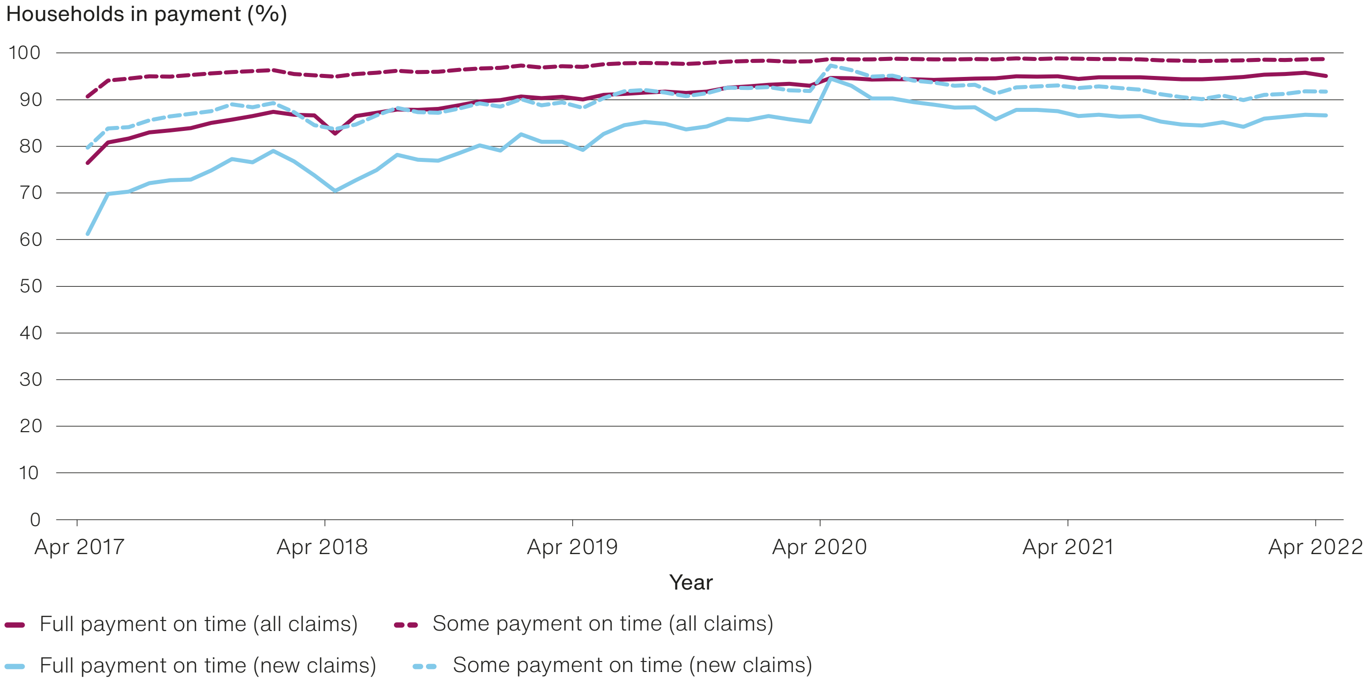
New Universal Credit claims

Payment timeliness for new claims is lower than existing claims. On the creation of a new Universal Credit claim there are several one-off verification processes that must be completed by the claimant and DWP. This confirms the current circumstances of the claimant and their subsequent entitlement to Universal Credit. Any delays to the completion of these processes can lead to a payment, or elements of a payment, being made late.

The proportion of new claims paid on time reached a high of 94.5% in April 2020 but has since fallen to 86.6% in April 2022. The beginning of the COVID-19 pandemic caused a surge in Universal Credit claims and DWP acted accordingly to ensure these payments were made in a timely manner. This involved the removal of some verification processes, known as easements, and hence payments could be made more quickly. As the demands of the pandemic have receded DWP has reversed these easements and reinstated the verification processes. In turn this has impacted negatively on payment timeliness, which has broadly returned to pre-pandemic levels.

Universal Credit payment timeliness April 2017 to April 2022

The Department for Work & Pensions (DWP) has improved the timeliness of Universal Credit payments



Note

1 A household is a single person or co-habiting couple with or without dependent children. This is sometimes called a benefit unit in other statistics. A household is counted when their assessment period overlaps the count date. An in-payment household is one that has received a Universal Credit payment of £0.01 or more after deductions, sanctions and the benefit cap during that assessment period.

Source: National Audit Office analysis of Universal Credit statistics, April 2017 to April 2022

Other benefits

DWP has not published data on the timeliness of payments of other benefits. However, in its annual report and accounts, DWP reports the percentage of new claims processed within expected timescales for Universal Credit, Jobseeker's Allowance, Employment and Support Allowance, State Pension, Pension Credit, Disability Living Allowance, Personal Independence Payment and Child Maintenance as a whole. It reports that the proportion of these claims processed within expected timescales fell from 82.3% in 2020-21 to 61.8% in 2021-22. With Universal Credit at 86.6%, the aggregated timeliness of payment of other benefits will therefore be lower than the average of 61.8%.

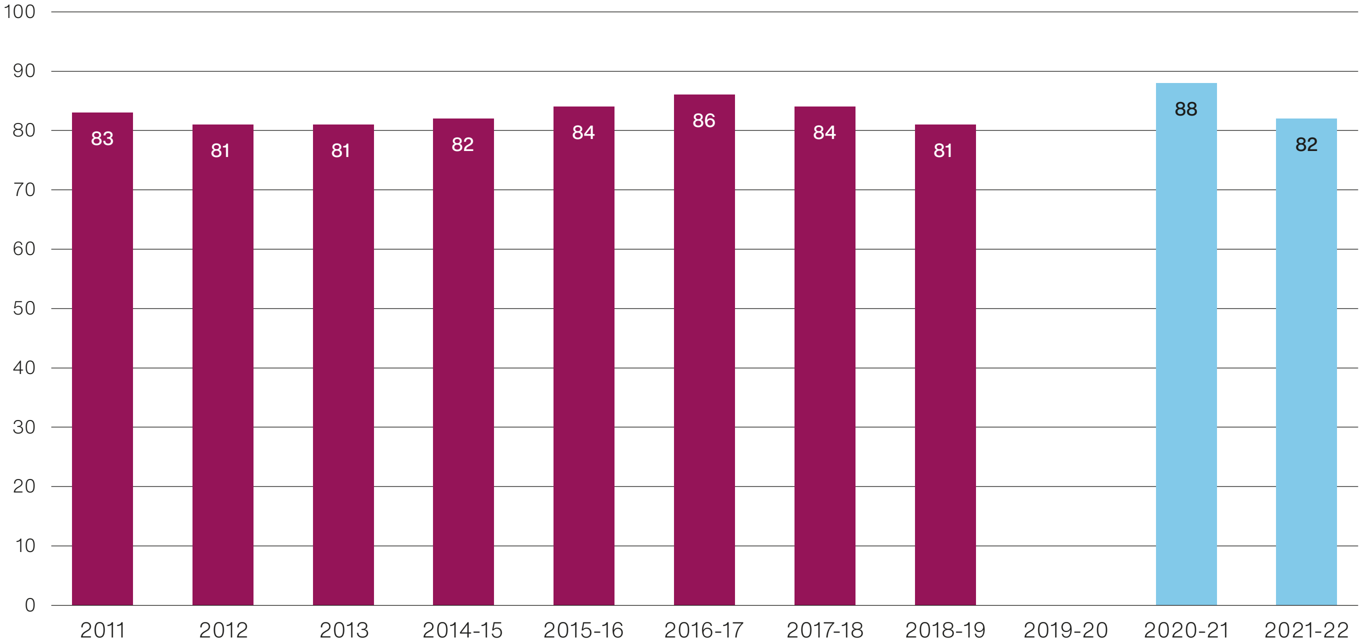
Part Four // Customer service

Customer satisfaction

Customer satisfaction with the Department for Work & Pensions' (DWP's) services 2011 to 2021-22

More than eight in 10 customer are satisfied with DWP's services

Percentage of satisfied customers



Claimant Service and Experience Survey

Customer Experience Survey

Notes

1 The figure presents the overall results of DWP's Customer Experience Survey and the Claimant Service and Experience Survey which preceded it. Methodological differences between the two mean that results are not directly comparable across the two surveys.

2 These data show the percentage of responders to DWP's surveys who were either fairly or very satisfied. The surveys are of claimants who have had recent contact with DWP rather than all benefit claimants. Both surveys include: State Pension, Pension Credit, Attendance Allowance, Carer's Allowance, Disability Living Allowance for children, Personal Independence Payment, Employment Support Allowance and Universal Credit. The Claimant Service and Experience Survey also included Income Support and Jobseeker's Allowance.

3 The COVID-19 pandemic prevented the completion of fieldwork for 2019-20. There are therefore no data for that year.

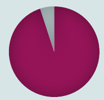
Source: Department for Work & Pensions, Annual Report & Accounts 2021-22, Session 2021-22, HC 193, July 2022

82%

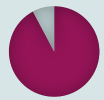
In 2021-22 82% of benefit customers who had been in contact with DWP between April and December 2021 said they were satisfied with DWP's services, a reduction from 88% in 2020-21.

In 2020-21, due to the COVID-19 pandemic and the increase in new Universal Credit claims, DWP put in place a number of easements to streamline service delivery processes. DWP attributes the reduction in customer satisfaction to the removal of these easements.

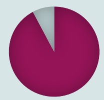
In 2018-19, the last time that DWP published this detail, satisfaction was highest among:



95%
Attendance Allowance claimants

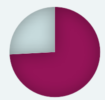


92%
Pension Credit claimants

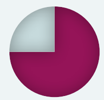


92%
State Pension recipients

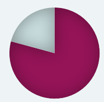
In 2018-19, satisfaction was lowest among:



74%
Personal Independence Payment claimants



75%
Employment and Support Allowance claimants



79%
Universal Credit claimants

Part Four // Customer service

Complaints

DWP has a priority outcome to deliver a reliable, high-quality welfare and pensions system which customers have confidence in.

19,186

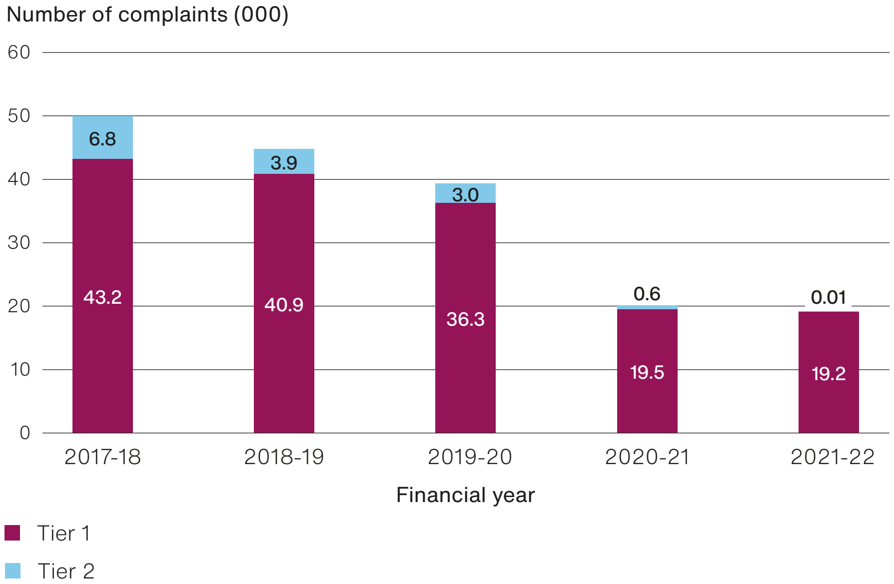
The number of complaints about DWP's services decreased substantially from 39,319 in 2019-20 to 20,167 in 2020-21, which DWP attributes to the impact of COVID-19. In 2021-22, the total figure has remained broadly similar at 19,186, which DWP concludes indicates a residual impact from the pandemic.

4,740

Customers can ask the Independent Case Examiner (ICE) to investigate their complaint if, having exhausted DWP's complaint process, they remain dissatisfied with the outcome. The ICE received 4,740 complaints about DWP in 2021-22, up from 3,285 in 2019-20, despite the reduction in the overall number of complaints received by DWP.

Customer complaints about the Department for Work & Pensions (DWP) 2017-18 to 2021-22

The number of complaints about DWP has fallen by some 62% from nearly 50,000 in 2017-18 to more than 19,000 in 2021-22



Notes

1 DWP moved to a single-tier complaints process on 9 July 2020. DWP handles only complaints received prior to then under the two-tier system. Therefore, the number of complaints recorded against Tier 2 in 2020-21 and 2021-22 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 centralised complaint review team. In 2021-22 only 11 Tier 2 complaints were recorded as DWP finalised moving to a single-tier complaints service.

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 of Department for Work & Pensions data

Improving the customer experience of DWP's complaints process

DWP has continued to reform its approach to complaint handling. This work started in July 2020, when it implemented a single tier for complaints (moving away from the two-tier model it used previously) to make the customer journey quicker and simpler. These reforms have included:

- moving away from the single centralised team of complaint handlers that DWP introduced in 2020. Complaints are now investigated by specialist complaints teams within the area of the business where the service failure arose; and
- introducing several centralised functions to lead aspects of the complaints process to improve consistency including: initial complaint triage; operating procedures; quality standards; and liaison with the ICE and Parliamentary and Health Service Ombudsman.

Part Four // Customer service

Appeals

Routes to appeal against DWP's decisions

Claimants who disagree with a DWP decision about benefits or child maintenance can ask DWP to review its decision, this is called a 'mandatory reconsideration'. Following a mandatory reconsideration, claimants can appeal to the Social Security and Child Support Tribunal, part of HM Courts & Tribunals Service. Disability benefits make up most of the appeal cases that the Tribunal hears with Personal Independence Payments accounting for 58% of all cases heard in 2021-22.

Appeals tribunal caseload

The **number of appeals** to the Social Security and Child Support Tribunal has fallen from 238,803 in 2017-18 to 93,303 in 2020-21, increasing slightly to 95,008 in 2021-22. The tribunal attributes the reduction in 2020 21 to the period of the COVID-19 pandemic as DWP introduced easements to streamline service delivery processes. It attributes recent increases to the removal of easements and, in the final quarter of 2021-22, to increases in the employment rates and decreases in the unemployment rates.

The **number of cases heard** at tribunal has also fallen from

178,849
in 2017-18 to

56,723
cases in 2021-22.

The **number of cases outstanding** at tribunal increased by 3,528 from

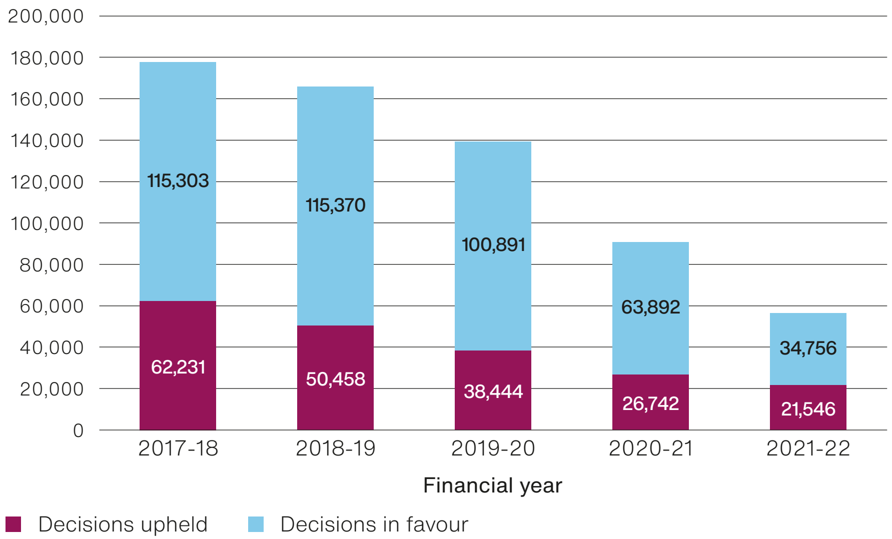
44,185
as at 31 March 2021 to

47,713
as at 31 March 2022.

This is the first time the number of outstanding tribunal cases has increased since reaching a peak of 125,281 as at 31 March 2018.

Cases heard by Social Security and Child Support Tribunal by outcome 2017-18 to 2021-22

In around two-thirds of appeals the tribunal finds in favour of the claimant



Notes

1 Cases heard also include some withdrawn at hearing.

2 'Decisions Upheld' are cases where the tribunal upholds the decision of the Department for Work & Pensions.

3 'Decisions in favour' are those cases where the original decision is revised in favour of the claimant.

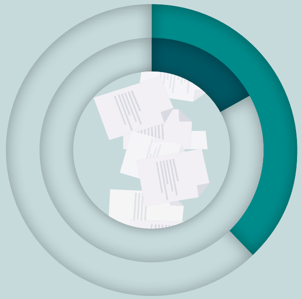
Source: National Audit Office analysis of HM Courts & Tribunals Service, Tribunal Statistics Quarterly: January to March 2022

Appeal outcomes

On average, from 2017-18 to 2021-22, some two-thirds of tribunal decisions were in favour of the claimant – in 2021-22 the tribunal found in favour of the claimant in 34,756 (61%) cases.

The percentage of cases cleared without a tribunal hearing has been increasing from 17% in 2017-18 to 38% of cases in 2021-22. These include cases where DWP has come to a mutual agreement with the claimant prior to a tribunal hearing.

Cases cleared without a tribunal hearing



2017-18
17%
2021-22
38%