

# Public Accounts Committee

## Oral evidence: DWP Customer Service and Accounts 2023-24, HC 354

Thursday 5 December 2024

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Members present: Sir Geoffrey Clifton-Brown (Chair); Mr Clive Betts; Anna Dixon; Lloyd Hatton; Chris Kane.

Work and Pensions Committee member present: Debbie Abrahams, Chair.

Gareth Davies, Comptroller and Auditor General, National Audit Office, Laura Brackwell, Director, NAO, Charlotte Borg, Director, NAO, and Marius Gallaher, Alternate Treasury Officer of Accounts, HM Treasury, were in attendance.

Questions 1-67

### Witnesses

**I:** Sir Peter Schofield KCB, Permanent Secretary, DWP; Neil Couling CB CBE, Director General, Fraud, Disability and Health, and Senior Responsible Owner for Universal Credit, DWP; Amanda Reynolds, Director General for Strategy and Transformation, DWP.

## Reports by the Comptroller and Auditor General

### DWP customer service (HC 127)

### Report on Accounts, Department for Work & Pensions (HC129)

#### Examination of witnesses

Witnesses: Sir Peter Schofield, Neil Couling and Amanda Reynolds.

**Chair:** Welcome to the Public Accounts Committee on Thursday 5 December 2024. We welcome Debbie Abrahams, the Chair of the Work and Pensions Committee as a guest member for this inquiry—welcome, Debbie. We are glad to have you with us.

The Department for Work and Pensions makes benefits and pensions payments to more than 20 million people, and demand for benefits is growing. The level of fraud and error in benefits expenditure has also increased since 2022-23. The quality of customer service that the DWP provides is important, because many claimants are vulnerable, have complex needs and rely on benefits to mitigate financial hardship.

In the context of growing demand and other operational challenges, the National Audit Office's Report found that the DWP's customer service had fallen short of expected standards in recent years. We will of course be questioning our witnesses about that. Today, we will question witnesses about the DWP's customer service performance, its plans for service modernisation and improvement, and its process for tackling fraud and error.

To cut to the chase, a warm welcome to the permanent secretary, Sir Peter Schofield KCB, who is a regular appearer before this Committee—thank you for coming with your team, Sir Peter; Neil Couling, the director general for fraud, disability and health, and senior responsible owner for universal credit, at the DWP; and, finally but by no means least, Amanda Reynolds, director general for strategy and transformation at DWP. Thank you all for coming.

Lloyd Hatton has to go straight off to the Chamber, so we will cut to the chase with his question.

- Q1 **Lloyd Hatton:** Thank you, Chair; I appreciate that. Reading this NAO Report, it was interesting that the performance around DWP customer service is a mixed bag. In some areas, there has been a marked deterioration, and in other areas, things are holding up better. I am concerned specifically about the timeliness with which claims are processed. The Report makes it clear that there has been a significant drop since the covid-19 pandemic, with only 72% of cases now processed



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on time. When can we hope to see a material improvement in that figure? We are talking about a huge number of vulnerable individuals who are not getting timely access to their benefits and are therefore facing a great deal of hardship and, in particular, an inability to manage their finances.

**Sir Peter Schofield:** Thank you for the question. As you say, Mr Hatton, the services that we deliver are incredibly vital to many millions of our fellow citizens across the country, many of whom are very vulnerable.

We are in a programme of modernisation over a period of time, which bit by bit is building the modern service that we all expect. You reflected on the mixed situation on payment timeliness, but we are already seeing the fruits of the investment that we have made in the past in modern services, to the benefit of many millions of our customers. We have 23 million customers, and 7.5 million are on universal credit, so the vast majority of working-age customers are on universal credit, with a high quality of service. All the different metrics set out in the Report are positive for universal credit.

Likewise, 12 million customers are state pensioners, and the state pension system—since the introduction of the new state pension in 2016—is being moved on to a modern platform. That means that all new claims can now be run through the modern platform, and 81% are made online, with 71% of them having a straight-through process with a 10-working-day average for delivery and no human hands required. The majority of our customers therefore already benefit from modern services.

We are now delivering modernisation in the rest of the service line. The Report goes into some detail on the service modernisation programme. I am sure colleagues in the Committee will want to go further into that and its progress. For disability customers, we also have the health transformation programme, which your predecessor Committee—Sir Geoffrey will remember this from previous sittings—went into in some detail. That is a big programme. If you think about it, we do up to 2 million health assessments a year, so it is at a huge scale. It is being transformed over a period. We put new contracts in place in September, with new providers.

It is a long journey, but ultimately this is all about delivering the modern customer service that we all want to see. We want overall satisfaction to come up. Since the figures in the Report, we published the new customer service index numbers for 2023-24 in August. They show an improvement back to an overall benchmark of 85%. But it is bit by bit. The answer to your question, Mr Hatton, is that as we gradually modernise our service—all the different service lines—we will see the customer service that we would all want and expect.

**Q2 Lloyd Hatton:** Thanks, but what I am specifically concerned about is the fact that there is a mixed bag. On the new state pension, which you mentioned, the timeliness is pretty good, but with PIP it is not good; the numbers are much lower for those who are having their cases processed



in a timely way. You say “gradually”, but the reality with some benefits is that we need to see a turnaround at a much quicker rate because the starting point is so poor. Could you elaborate on when we will see a marked improvement in the timeliness with which PIP claims are processed?

**Sir Peter Schofield:** Specifically on PIP, as the Report says, there has been a 58% increase in people on PIP and a 57% increase in claims. So you are running against a big increase in demand with the service, and it does take longer to deliver a PIP new claim. In comparison, with the state pension, where the eligibility is based on your national insurance record and your age, which we know about, you can easily draw on data feeds to do that. With PIP you rely on a functional assessment; often you will need to draw on medical evidence about someone’s eligibility because it is about their ability to conduct daily living tasks. Often it is a subjective test as well. So a lot of different hand-offs are required because of the nature of the benefit, which is why it takes longer to deliver overall.

The Report says 52% are being dealt with within 75 days—75 days is our standard. So, at an average level, we are back to where we would want to be, but we will go on looking at how we can improve that service. This is the crucial thing; there are the short-term things that we do, which are about resourcing and getting people where they need to be to deliver, but the long-term solution on PIP is the health transformation programme, which is a long-term programme to change radically the way we deliver the benefit to put it on a modern platform and to think very differently about how we service customers. One of the big changes that we are making there is the introduction of case management, so that when you apply for PIP—this will be one of the things we are testing as part of health transformation—you have someone who gets in touch with you and helps you through the journey as a case manager, so that you know what sort of evidence you need to provide, and you understand at the end of the day why a decision has been made. It drives more confidence and more speed in the process.

The other thing we are doing with PIP is testing the ability to apply online using an online system, which takes quite a lot of time out at the front end of the system. We are testing that at relatively low levels at the moment in eight postcodes. That seems to show quite an improvement in the first stage of that 75-day journey. So there is a long-term solution, but there are also some short-term solutions we are working on at the moment.

**Lloyd Hatton:** Thank you, Chair.

- Q3 **Chair:** Thank you. I want to come to two questions that I was going to ask you at the top of the session, about our two recommendations, on which we have corresponded. Just to remind everybody, recommendation 1a in the Twenty-Ninth Report of Session 2023–24, “Progress in implementing Universal Credit”, stated: “The Department’s claims about the economic benefits of its programmes, including Universal Credit, should make clear the limitations of its evidence base and the assumptions it has applied so people understand the degree to which the



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claims are supported.” I think we are at cross-purposes over this. I think you were assuming that we were referring to the transition from legacy benefits into universal credit. We were actually looking at what your information showed you about progress from universal credit into the world of work. You alluded to that very well in your letter to me of 4 November 2024. You said: “We believe that we have been clear and transparent about the relatively minor limitations of the evidence base in discussing the economic benefits raised.” You then said—this is the important sentence—“As was recognised in the Committee, small employment effects drive very significant economic benefits, and we believe that to be true of UC.” What I suppose the Committee was saying in our recommendation was that, given the limitations in your evidence, does it prove that to be the case? Given those huge economic benefits, surely it would make sense for your evidence base to be able to support that assertion.

**Sir Peter Schofield:** That was part of the conversation we had, when we were last here, about universal credit, wasn’t it? There are a number of tests with universal credit from a value for money point of view. Does it wash its face in terms of the investment of just under £3 billion we have made? Well, yes, it does. Even if you just look at the administrative cost savings year by year, that is hundreds of millions of pounds in each and every year.

The second thing is, does it demonstrate an economic benefit on top of that? Here, the challenge is that, to do a robust economic analysis, you have to try to compare a situation where someone was in universal credit with a situation where someone was in a legacy benefit before. That was a conversation we had, wasn’t it? Because we rolled out universal credit fully to all new claims in 2018, you have to go a long way back to find a representative cohort that you can compare with. The data we presented when we were last here was based on all the most recent analysis we have been able to do, looking back at a pre-2018 cohort. We were looking at lone parents, in particular, and saw relatively small improvements in terms of people’s propensity to get into work. But at the volumes we are talking about, that drives massive economic benefits, because you have people spending less time on benefits and more time in work, generating value to the economy and taxes for the Exchequer. When you bring all that together, it demonstrates very strong value for money grounds.

I think you then asked a question about the second of those two recommendations, which was around whether we could do more longitudinal studies to demonstrate the longer-term benefits. I always feel, when we are rejecting recommendations, that we are really not far apart at all. I tend to be the sort of person who would say, “I am not accepting it if I can’t accept it in full.” But I tried to say in the write-up that we are going a long way towards it. We do longitudinal studies to test the effectiveness of the labour market regime that we run in jobcentres. We often try different ways of getting people into work in the jobcentre and test in terms of what happens over a period of time. But what that does



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not do is compare universal credit with what was there before. We cannot do that, because of the lack of accountability.

- Q4 **Chair:** I absolutely understand that. You moved on to recommendation 2, which said: "The Department should regularly track the outcomes of Universal Credit claimants, which could involve a longitudinal study, including what kinds of employment they take up and for how long, as well as their earnings and hours, and publish the results at regular intervals of at least once every twelve months." I accept that there is a lot of work there and a lot of cost involved, and I accept the reason you rejected it: because your ongoing work will cover all of that, or should be able to demonstrate all of that. It would be helpful if you could tell us how your ongoing work will cover all of that.

**Sir Peter Schofield:** Yes, sure. The Government published the "Get Britain Working" White Paper last week. One of the elements to that is setting out plans for a new jobs and careers service. As we develop the new jobs and careers service, we will be thinking about the right way to tailor our offer in jobcentres to support a wide range of people who are out of work, but also those who are economically inactive in coming into work. We will do that by testing a number of different approaches. With that, we use longitudinal studies, because you need to say, "This intervention happened. What was the result? Did that person get into work? How long did they stay in work? Was it sustainable?" We are not yet ready to talk to the NAO about the new jobs and careers service at all, but at the point where you will want to come in and do a study, I wonder whether we will want to talk about the work we have done on longitudinal studies as part of that.

**Chair:** I think that will follow. In due course, we would want to examine that as well. That is helpful. I would like to leave it there, because it is a relatively small part of what we have to do today, and we have a lot of ground to cover. I will bring in my new deputy, Clive Betts.

- Q5 **Mr Betts:** Sir Peter, you say you have a lot of customers who are under pressure in their daily lives. They get particularly under pressure if they suddenly find there is a benefit that has not been paid on time, or some other problem that they are not coping very well with. Is it reasonable to expect them to sit on a telephone for half an hour, waiting for someone to answer it?

**Sir Peter Schofield:** At the end of the day, our job, as you say, Mr Betts, is to get money to people who are entitled to it. You have to look at the whole end-to-end process. Ultimately, I want to get to a situation—as it is with state pension or universal credit, for example—in which millions of our customers benefit from that. You apply online, at a time of your convenience, and the service takes you through it, in a very clear way. You know where you stand and when you are going to get paid.

For those customers who do need to phone us, yes, I want the service to be the best that it can possibly be. However, I balance that with the fact that many of the people who take in-house telephony calls also process



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benefits, because you need that skillset to be able to answer the complex queries that folk have when they phone up on those lines.

The balance that local leaders have to make on any one day is: what resource do we put on the telephone, and what resource do we put into processing claims? Of course, if you delay the claim, then you will get an avoidable call because someone will phone and start to chase it. However, where we have outsourced calls—for calls that are on straightforward matters or evidence gathering, so it does not need to be a DWP colleague who takes the call—telephony performance is very strong because they have a focus on that.

- Q6 **Mr Betts:** I was going to ask why it is so much faster to get an answer on an outsourced line. You have probably answered that now. It is because you have more staff available who do not have the detailed skills that the people in your in-house service have. Is that right?

**Sir Peter Schofield:** Yes. I might ask Amanda, in a minute, to say a little bit about the choice between in-house colleagues and outsourcing. However, by and large, outsourced lines are for those queries that are straightforward conversations or inquiries, or a data gather, where we are gathering data on, for example, a new claim from a customer. The things that we have to keep in-house are those that require an agent of the Secretary of State to be carrying out the work, or someone with good expertise in that service line. Amanda, would you like to say anything?

- Q7 **Mr Betts:** Before we move on, it would be helpful to explore that difference. Can we go back to the initial question, which I do not think has necessarily been answered to the satisfaction of someone who has been waiting half an hour for their call to be answered? Later, we will come to the question of whether fewer people should use the service in future, but many people do use it. That is their way of accessing you. They have real pressures in their lives. Is it really acceptable for them to be hanging on the phone for half an hour before someone even speaks to them? That is not acceptable, is it?

**Sir Peter Schofield:** Well, look, it is not where we want to be. The NAO Report sets out the service standards that we set ourselves, and for many of our lines, because of the demand pressures that we have been faced with, we have not been able to live up to those standards. However, overall, at the end of the day, the customer wants to get paid, and there is a whole range of things that matter to the customer that are brought to bear in the customer satisfaction index. Customer satisfaction is at 85%, which is where we would want it to be.

- Q8 **Mr Betts:** Yes, but for that person on the phone, that is here and now. That is what they are experiencing.

**Sir Peter Schofield:** Mr Betts, I completely understand. We do everything we can to bring down the call times that people experience.

- Q9 **Mr Betts:** If you come back next year to talk to us, the call times will have come down significantly, will they?



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**Sir Peter Schofield:** Well, it depends. I would love them to, but some things are outside my control—in particular, demand. As the Report says, between May 2019 and May 2023, we had 2.4 million more customers at DWP, and we have had more since then. We are managing that. Ultimately, the service I want to have, Mr Betts, is one in which there is a convenient channel that is appropriate for the customer. For those who can use it, there is a convenient online channel, which we already have in our modernised system. For those who need to be able to call, I want them to be able to get through quickly and to have people on the end of the phone who can help them with their query.

- Q10 **Mr Betts:** That is the ideal, but we are not at the ideal immediately, are we? Coming back to the question about the half-an-hour wait, maybe Amanda Reynolds can answer it. If someone is on the phone for that length of time, do they get offered a call-back service? Remember, many people on low incomes are probably on pay-as-you-go mobile phones, and they are struggling with costs anyway. The last thing they want is—

**Neil Couling:** Our calls are all free. They were made free in 2018.

**Mr Betts:** Everything is free from the beginning. Okay.

**Amanda Reynolds:** I completely hear you, Mr Betts, in terms of frustration with wait times; we experience those in our own lives. I am actually really proud that our average wait time is eight minutes and 34 seconds, so if we take all calls overall, it is within the Report.

I will come on to the point about our outsourcers. The difference between the work that we do in-house versus externally is that we strategically chose to use outsource partners to do the simpler transactions and calls with our customers. As the permanent secretary alluded to, we have to make decisions with official staff, so we keep that in-house.

With the calls that we have in-house, we service the customer in the way that they want. If they want to go through a processing claim over the phone—as opposed to maybe going online or posting it, which takes much longer than doing it over the phone—our calls are typically longer. Those are the key differences between internal and external. I hope that helps to illustrate what we are doing.

- Q11 **Mr Betts:** I understand why the call might take longer once it is initially answered, particularly if you are processing a claim online, but the issue here is how long it takes to even answer it in the first place.

**Amanda Reynolds:** There are two things. The permanent secretary alluded to the demand going up by 24%, which is 2.4 million customers. If we include the most recent year, the figure is 16%. Our demand has increased by 3.3 million customers, and we are paying benefits to them.

It is a bit like a graphic equaliser, where we are fine-tuning everything to get the balance right across all our complex services and deliver that personalised service to customers, as we can do. When we talk about

eight minutes and 34 seconds, that is up there as a top-quartile industry standard.

**Q12 Mr Betts:** That is overall.

**Amanda Reynolds:** That is overall.

**Sir Peter Schofield:** Mr Betts, there are some lines, such as ESA, which have had wait times of 26 minutes. That was for the in-house call line in 2023-24. You can imagine that, in those situations, as an executive team, we look very carefully at what we can do, what is going on and what is causing the pressure there.

The reality with ESA is that it has had backlogs that came through after covid and some older cases that needed to be processed and prioritised. You can imagine that if you are the local leader there, you are trying to bring in more resource and to upskill, but you are also trying to balance answering the phone—as you say, there are frustrated people on the line waiting to get through—with the claims that need to be processed. Ultimately, we are all about getting those payments made, and the ESA—

**Q13 Mr Betts:** So covid may be part of the explanation. As the covid backlog begins to wind down, does that mean that service levels will improve?

**Sir Peter Schofield:** The key thing on ESA is that we are moving those on the income-related ESA over to universal credit. That is the solution. Over the next 18 months, all 880,000 people on income-related ESA will be in universal credit and benefiting from the modern platform we have and the telephony time we see, which is two minutes or so to answer the call.

**Neil Couling:** It is not really a covid backlog either, if I may help the Committee: it is just a sustained surge in demand for benefits.

**Q14 Mr Betts:** But even the universal credit average waiting time is 26 minutes and 53 seconds.

**Neil Couling:** No, that is about two minutes. I think you are looking at ESA there.

**Sir Peter Schofield:** Yes, I think that is for ESA.

**Q15 Mr Betts:** So it is two minutes, and it is 26 minutes and 53 seconds for ESA. You say that all those very long wait times are going to disappear as people migrate.

**Sir Peter Schofield:** As people move over. This is what I said to Mr Hatton at the beginning. Ultimately, the solution here is the modernisation programme that we have.

**Mr Betts:** We will come on to that in due course.

**Q16 Debbie Abrahams:** Good morning, everyone. I will follow up on Clive's questions just now. How will you ensure that the claimants who have been identified as vulnerable will be prioritised and answered in a



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reasonable timescale? What would you say is a reasonable timescale for somebody who has been identified as vulnerable?

**Sir Peter Schofield:** As I hope you know, Ms Abrahams, this is a key priority for us in terms of the work that we do. We need to treat all our customers with respect and compassion, but there are customers who need particular support. In many ways, that starts at the very beginning of the customer journey.

I cannot remember whether we shared this with your other Committee, but a piece of work that we have been doing uses AI to help us to look at post that comes in. For example, it monitors for cases where we can tell from a scan and from recognising phraseology and words that there is vulnerability in the customer who is writing in, so that we can accelerate and get them to the front of the queue.

Q17 **Debbie Abrahams:** I do not want to put the rest of the Committee under pressure by taking up too much time, but I have a question specifically on the telephone thing. I am thinking about Philippa Day; you will remember that appalling call that she made before she took her life. What can you say about the standards that the Department is now operating under if it has already flagged somebody? I recognise what you are saying about the AI system trying to identify vulnerable claimants, but when somebody is identified as vulnerable, how quickly will they be responded to on the phone?

**Sir Peter Schofield:** Amanda may want to come in on this point. I am not sure whether there is a way of screening the call when it comes in—when someone is in the queue—but as soon as someone is identified as vulnerable, that will be marked on the notes. As soon as the agent identifies the customer and takes them through security, they will know the situation for that customer, and then all the support will be there for them. Alongside that, of course, if we know someone is vulnerable, we will be reaching out to them in other ways; we are not just waiting for them to phone. You know about the work of our advanced customer support senior leads.

**Debbie Abrahams:** Absolutely.

**Sir Peter Schofield:** Amanda might want to add something.

**Amanda Reynolds:** Yes. Today, our colleagues are all trained to ascertain up front whether there are any specific requirements or vulnerabilities with that customer. What we cannot do today, but what we are planning to do, is deploy new contact centre modernisation programme technology—something called Conversational Platform. We have already deployed and tested it in some lines. I can come back to that to that later, if appropriate, when we discuss service modernisation.

What the customer will be able to do is route to the right person in a quicker way. We have interactive voice recognition on our telephony today, as all organisations typically do—you can press 1 for this option or 2 for that option—but the testing we have done shows that customers can



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get to the right person more quickly 97% of the time compared with around 80%. We know that the calls are not being transferred, and given the complexity of our products and services, we want to make sure that the customer gets through to the person they need to speak to as quickly as they can.

- Q18 **Debbie Abrahams:** Can I respectfully suggest that you take this point away? It is an important thing to consider: how are you going to make sure that you identify somebody and respond quickly when they phone in?

**Amanda Reynolds:** Yes, of course.

- Q19 **Chair:** Can I follow up on Ms Abrahams' important question? We have had written evidence from Sense. On inaccessibility in the benefits system, they said, "Our research found that almost half of people (49%) with complex disabilities on benefits say they could not apply for benefits without the support of friends, family or a support service...To make sure that as many disabled people can access the benefits system independently, the Department for Work and Pensions needs to work with disabled people to introduce clear standards on how to communicate accessibly with disabled people, using NHS England's Accessible Information Standard as a starting point." Is that something you would consider?

**Sir Peter Schofield:** I want to consider any recommendation that helps us to be more accessible, but I emphasise that we put a lot of effort into trying to make our services as accessible as we can. We have a whole new team that is driving that. We are making sure that our communications are available in all different forms of accessible format. Of course, there is support for people making claims—for example, for universal credit, there is Help to Claim, and there are other agencies such as Age UK. Only the other day we were talking to them about the support they are providing to people claiming pension credit, for example. We work with a variety of agencies to help make sure that our benefits are accessible, but if there are further recommendations to listen to, we are all up for it.

- Q20 **Chair:** Ms Abrahams is Chair of the Work and Pensions Committee. Clearly they have concerns about this issue, and she has asked you to reflect on it, so maybe you could write us a note with any further thoughts on how to connect with your most vulnerable customers.

**Sir Peter Schofield:** Yes. I tell you what, we will write you a note. Shall we write it to Ms Abrahams?

**Chair:** If you could write to both of us, that would be really helpful.

**Sir Peter Schofield:** Yes. We will set out what we do already and our further plans to improve.

**Chair:** Most helpful. Thank you very much.



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**Anna Dixon:** Chair, I have a couple of points on vulnerable customers, which might follow on directly here, rather than waiting until later in the session.

**Chair:** Of course.

Q21 **Anna Dixon:** Good morning, Sir Peter. I will just declare for the record that my niece works as a work coach in a jobcentre.

My background is very much around disability. I want to go into this a little bit further. I don't really like the term "vulnerable customer". There are lots of people who have different additional needs through disability, mental health, communication needs, learning disabilities and so on.

The evidence we received from Sense reflects a lot of the cases I hear in the constituency, which are really about customer service. We have talked a bit about the telephone, but obviously there are lots of elements to how people experience your service, not least the application process.

Sense said that the process for PIP is "long, complicated and stressful." I had a constituent applying for disability living allowance for her son. She talked about a 40-page document. After having completed and submitted that, she was only then told by a DWP adviser that the address on the website was the wrong one, and so her claim had not been received. That sort of customer service creates an extreme level of emotional and heightened anxiety.

So, first, who do you define as vulnerable customers for the purposes of your work? And recognising that there may be these wider additional needs, what assurances can you give that you are seeking to simplify and reduce the burden of the application processes?

**Sir Peter Schofield:** I entirely understand where you are coming from, Ms Dixon.

I spent one morning with one of our visiting officers out in south London—it was quite a seminal moment for me. We visited the home of a bedridden customer who needed help filling in a PIP application. We sat by her bedside and we basically helped her fill in this application. All of the elements you describe were there in practice.

That is the nature of the benefit, but it gives me this determination: how do we make sure that we make the whole process as straightforward, as sensitive and as appropriate as we possibly can? I agree with you—you can talk about people's needs in all sorts of different ways, but ultimately all of our customers have needs one way or another and we need to be an organisation that tailors our support around that.

The long-term story is the health transformation programme. You are probably aware of the programme and everything we are going to do with that. As I said earlier, as part of that we are developing an online application process, which is more straightforward. Certainly, all of the evidence is that it is speedier than the paper-based process, and it goes through it in a more straightforward way.



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As part of the health transformation trials that we are doing, we are also putting in place support through a case manager, who will help the applicant understand the nature of the claim that they are making. One of the things that people often do not know is what evidence they need to submit alongside.

- Q22 **Anna Dixon:** That is an issue particularly with PIP. The form is not entirely clear as to what evidence people should be providing at that point. We see that in the tribunals. Of the many people who do go to tribunal, around two thirds are successful. That sounds like the refusal rate is probably too high.

It is about that added layer, and the accuracy of those assessments. If the issues relate back to the evidence collected in the first place, that is obviously where we would ask, "How are you making sure that people understand very clearly up front what evidence they are looking for?" With these lengthy forms, it is not always clear what to provide.

**Sir Peter Schofield:** That is a good challenge. It is of course a really difficult benefit to administer because it is bespoke to people's particular circumstances. It is quite difficult to spell out on the form exactly what the evidence is. That is why I think a case manager having a conversation with a claimant as part of the application process or at some point along that process is going to pay dividends. That is obviously a more costly part of the process but, ultimately, hopefully it means that we get the right decisions—better decisions—up front.

Then, crucially, it is important for customers to feel at the end of the process, particularly if the answer is not the one that they were hoping to get, that they have someone to explain why the decision is as it is, because that builds confidence and trust in the system. Trust really matters, on a number of fronts, not least, as we may come on to talk about, fraud and error and underpayments in the system.

**Anna Dixon:** We will come on to that.

**Sir Peter Schofield:** Well, I might just say it now. The reason for big underpayments in disability benefits is that people are not letting us know when their condition has, sadly, deteriorated. That may be because they worry about getting in touch with us: will they lose the benefit that they have? The health transformation programme is all about trying to address the sorts of challenges that I saw on that visit in south London, and that I see elsewhere, to make the system more effective and give more people the confidence that we are going to come up with the right answer in the end.

- Q23 **Anna Dixon:** That is very reassuring, Sir Peter. When you spoke earlier about the health transformation programme, you talked about it as a long journey. Are there timeframes for when it will start to roll out? When will your customers start to see a difference, particularly around PIP?

**Sir Peter Schofield:** It is a long journey because it is so complex, as I say. Ultimately, there will be years when we do 2 million assessments a



year, so the scale of it is huge. Of course, you do not want to get it wrong when you make a change, and we have outsourced providers and the commercials around that.

So what are the steps? The first step was one that we passed in September, where we moved on to new contracts. Whereas in the past we used to have one set of contracts for people delivering health assessments for PIP and another set of contracts for people delivering the work capability assessments for ESA or universal credit, that is now brought together in regions. There is one organisation providing both, which enables us to provide, hopefully, a better service. They are still two separate assessments, but it enables sharing of understanding and knowledge between the two systems.

The second step is working on the PIP online system, which is already online in eight postcodes at the moment; we are looking at how we can scale that up. Then we are trying different approaches as part of what we call health transformation areas in different parts of the country, which we are learning from and growing. As we develop approaches that work in practice, we will roll them out more fully. We can roll them out, within the existing contracts, up to 20% of volumes by 2029—I know that is long term, but that is when the current contracts come to an end. From 2029, we will be in a new regime, and hopefully that is when we will see the full benefits. But hopefully customers will start to see some of those benefits before that. Neil is now in charge of this.

**Neil Couling:** I do not think anybody here was on the Committee when I first came as universal credit SRO in 2014. The then Chair, who is now Baroness Hodge, teased me a little. She said, "At the current rate of progress, Mr Couling, universal credit will be rolled out by 2048." She was wrong; we both knew that she was wrong. She was making a point. But the point I was making was that we do not go from small scale until we are confident about the systems that we have built—confident that they will stand up to bigger volumes and that they will not have unintended consequences.

That is what we are doing with health transformation right now. It is the same journey—using very small numbers and making sure it works. You test it really hard, because if it goes wrong for a customer, then because there are so few customers on the system, you can effectively rush people around to fix the problem. If you go big too quickly, that basically overloads the system. So it is taking a bit of time.

We are not committing to an aggressive timetable, because the lesson from universal credit the first time round, when it went wrong, was that people tried to go too fast. What I did was slow things down and make sure that the system was safe to go to the next stage.

Q24 **Anna Dixon:** I am sure that some of the vulnerable customers—people who are personally experiencing some of the challenges—will feel very frustrated that things take a long time. What can you do to improve the support you are giving people while you are rolling out your



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transformation programme?

To look again at the Sense data and the feedback, the statistics suggest that only around half the people feel supported by work coaches and disability employment advisers. Again, it is a question of making sure that, even if you are going to use caseworkers in future, the training of the people who you are deploying now means that they are actually meeting the needs of individuals. Maybe that is something that you could learn from, as you say, as you roll these things out. I do not know whether you want to comment specifically on that point about training for customer-facing staff.

**Sir Peter Schofield:** Absolutely. It is so important and we make sure that we are investing fully in the training that we need and that people are trained in the range of different support that is needed, particularly for people with different types of conditions, including mental health conditions. For example, mental health training is fully rolled out.

I do not want you to leave you with the sense that we are not improving service in the here and now. Actually, our customer satisfaction for PIP in the August data that we published is 81%, so it is coming back up as we address some of the pressures that have been in the frontline up until now.

Ultimately, however, as we have seen with universal credit and the state pension, we will get the fully strong customer service model in place when we fully modernise the service. I think that universal credit and the state pension give us a real sense of where we can go and the potential here.

- Q25 **Anna Dixon:** This is my last point, Chair. Obviously, we have focused on PIP as a disability benefit, but people with neurodiversity, communication issues and older people with dementia will apply for all sorts of benefits. Are you able to track user satisfaction specifically for those customers across all your benefits? If so, how does that level compare with the level for customers who do not have a registered disability or additional need?

**Amanda Reynolds:** We have done a certain amount of insight analysis on our customer satisfaction survey with a third-party organisation. It is fair to say that we acknowledge we want to do more in that space. At the moment, the tender that we have with the contractor enables us to survey x number of customers per year across all the products that we have. But what we are doing is revising the contract that we want with that third party to include wider things. The NAO also helpfully called out some characteristics in insight on that, so we are considering those recommendations.

**Anna Dixon:** Excellent. Thank you.

- Q26 **Chair:** Thank you very much, Anna Dixon. Sir Peter, to what extent are you currently a customer-focused organisation? I will take you to paragraph 3.8, which you will know very well. It sets out the five ambitions you have for customer services, which you hope to implement in three stages by 2025 and beyond. How are you progressing with all of



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that?

**Sir Peter Schofield:** With customer satisfaction, I would say that you start by thinking about the culture of the organisation—what we are all about. I know that your question, Chair, focuses on some of the metrics and ways of understanding customer satisfaction, but I like to feel it starts by thinking about our colleagues and indeed all of us in DWP: what are we about and why are we here? We are here to help change people's lives and their experience of life, and to provide support to people when they need it. We help them with the money that they need in the here and now, but also help them to move on in life, get a job, save for retirement or live independently with a health condition. I think it starts with that.

That is one of the things that we test through our people survey. We have just had our most recent people survey. It is not published yet, but again it shows an increase in the number of people in DWP who have a good understanding of our objectives and purpose. I just want to get that out, because although that is not one of the things that we get into in this Report, I feel that it is at the heart of making us a customer-focused organisation.

The metrics that we have here are the right ones. Ultimately, they are about customer satisfaction, payment timeliness and accuracy. How do we do those things? It is about the points that we have set out in the business strategy section in the element of the report you referred to.

Q27 **Chair:** Okay. How will your customer experience directorate ensure that improving customer experience remains a priority for other teams across the DWP?

**Sir Peter Schofield:** Would you like to come in on that, Amanda?

**Amanda Reynolds:** Yes, sure. There have been a number of changes within that directorate. Complaints has been one of those issues where we had a two-tier process within the Department and we moved to a single tier, and that was front-and-centred around customers and not wanting them to go through another hurdle to get to the independent case examiner, if that is where they wanted to go.

We have simplified the complaints process and disbursed that into the various product and services areas—a bit like a hub and spoke model. We have specialists within the operational areas answering those typically complicated complaints with their subject matter expertise, but as a hub, the customer experience directorate looks at the data and insight at a very granular level and more broadly across the Department.

We have also deployed a new system for managing complaints so that we are able to better root-cause analyse complaints and understand the key themes and trends. Importantly, we are holding the delivery directors to account for making the improvements that are required.

Q28 **Chair:** What progress have you made in establishing the use of real-time customer feedback across DWP's services?



**Amanda Reynolds:** We have tried it in a number of areas. We first piloted it in the child maintenance service. We wanted to really understand how having that in real time impacted the service that customers were getting, and we pivoted our approach accordingly as much as possible.

We also wanted to ascertain whether there is a difference between real-time—getting feedback earlier in the customer’s interaction—and getting it later. We did not find particular differences when we looked at those pilots, but colleagues who spoke to those customers told us that they appreciated being asked at the point of that interaction. We all have busy lives, and naturally so do our customers—typically, more complex, difficult lives. With time, that memory can erode, so we wanted to capture the customer satisfaction at that point. The biggest piece that came through was the feedback that our colleagues are friendly and knowledgeable. That is really important.

When we do surveys, our customers say that their key priorities are not just timeliness and accuracy, which the permanent secretary talked about, but the feeling that, as a Department, our colleagues care. That is the part of the culture that we are creating. We want to instil in our colleagues the idea that, first and foremost, we are here to care and do the right thing for our customers.

Q29 **Chair:** Yes. And “developing guidance for staff on communicating with customers; enhancing performance reporting by including metrics on customer experience; and improving complaints processes”: is that something you are all addressing?

**Amanda Reynolds:** Yes, absolutely. As the Report illustrates, we have a lot of complicated legacy systems and a lot of products and services, and some of the policy legislation has been adjusted and layered on over the years. We therefore need to make sure that the guidance is as simple as possible so our colleagues can understand it and it reflects the policy at that point in time. The customer needs to be considered within that process. As part of our modernisation, we have been looking at the guidance, and we are considering how we can accelerate its updating. Typically, things change quite quickly. It is not only the guidance; we also need to ensure that the coaching we are giving our frontline colleagues is aligned to it, and we should get their feedback if there are certain things that we need to adjust within it.

**Chair:** Brilliant. I would have liked to go into that in more detail, but we have a lot of ground to cover, so perhaps that is for another time.

Q30 **Chris Kane:** Can I talk about the service modernisation programme, please? It is an 11-year programme moving you from paper-based assessments into the modern, digital world. It is a pretty daunting thing that you are trying to do, and I do not envy the task that you are in the middle of.

I am conscious that your own assessment says that the risk is great because of the interdependencies, the cultural changes that are required and the fact that it is an 11-year period. AI has appeared in the last two



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years, so it is difficult to tell what is going to happen in future. Sir Peter, what risks are you most concerned about in relation to delivering the service modernisation programme?

**Sir Peter Schofield:** It is daunting, as you say, Mr Kane, for all the reasons you describe, but these are the challenges we face in modernising our systems across the board, in building universal credit, in reforming and modernising the delivery of the state pension and in the changes to the management of disability benefits, as I described in my answer to Ms Dixon a moment ago.

The challenges are around a number of things: the complexity of what we do, our services and the benefits that we deliver; the interdependencies between different benefits; the scale at which we operate; the legacy of the systems that we have inherited and are building from or need to remediate; and the demand that we have day in, day out to deliver services in the here and now at the same time as transforming. That is all within the context of resources, which for any Government Department are constrained at the best of times.

Although this is an 11-year programme, it is delivering tangible benefits already. I am delighted to have seen some of that. I was down in our service centre in Hastings a few weeks ago with our child maintenance colleagues. They have rolled out the "Manage my child maintenance claim online" portal there. It is a brilliant service, as it enables child maintenance customers to update their situation online. It is convenient, because it enables them to contact us at a time that is convenient for them, and the process is quicker for them. The telephony channel is still available and people do phone when that is better for them, but more people are now using the online system for managing child maintenance. That is one of the things that Amanda has been working on. Amanda, do you want to say more?

**Amanda Reynolds:** We can't not transform our services. We have those legacy systems, and we know that our customers want to interact with us in a channel of their choice. Child maintenance is a great example of what we have done already. Building on what the permanent secretary has shared, we have been able to reduce telephone contacts from 5 million to 2 million, which is a reduction of 60%. Equally, the caseload has increased by 40%. We have reduced the number of colleagues by 26% and have been able to redeploy them to other activities. We are very much achieving those two key strategic objectives: delivering the best service we can to customers, but considering the taxpayer and running a cost-efficient Department as well. Those are some of the examples that we have already delivered.

It has also enabled us to focus. Colleagues who were answering all the telephone calls are now focused on the collection of child maintenance payments, ensuring that more money goes to children. Since 2019, the collection was just under £1 billion, whereas now it is at £1.3 billion. It has translated into a number of broad benefits that we are really proud of.



We also see the opportunity within child maintenance, which has had more modernisation than some of the legacy areas, excluding universal credit. The opportunity here is huge, but that does not come without risk. Going back to what Mr Couling was saying, we need to make sure that we are doing things in a way that does not pose additional risk and that enables us to deliver a good BAU service at the same time as transforming.

**Sir Peter Schofield:** The child maintenance story is a great example. We could talk equally about the state pension and some of the other things we are doing elsewhere already, in the here and now. It is a great example of using technology to enable the customer to have a better service and to require our people to be doing less on the phone and more on the added-value activity of collection. That is what we are all about in the child maintenance service: collecting child maintenance for families and managing to cope with higher demand for the service at the same time. When we get it right, it is great to see, because it enables us to deliver more for less and deliver better outcomes, which is what we are all about as an organisation.

- Q31 **Chris Kane:** Can I drill down on one specific risk? It strikes me—I wonder whether you would agree, Sir Peter—that a great one is the need for cultural change among your people if you are moving from some things being paper-based to a digital world. I know what I am like and what most of us in this room are probably like: we all have a different speed at which we take to technology. The massive rate of change in technology will have an impact on your staff, on the different programmes and on the interdependency of change. How are you going to ensure that this cultural and technological change—this rising tide, if you will—is going to lift all the Department's boats at the same rate? I think the cultural speed of change may be one of your biggest risks. Would you comment on that?

**Sir Peter Schofield:** It has got to be, because we are a big organisation with lots of colleagues, but I take great comfort in the fact that we have already done some of this. Neil can talk more about this, but universal credit is an example: we have taken colleagues away from spending time on paper-based processing, because that is done online with data feeds from HMRC on earnings data and suchlike. That has enabled them to be on the phone helping customers with more complex needs. We have also reinvested money into the frontline, in jobcentres, so that we are actually helping customers get into work. That is an advantage.

You also end up with colleagues having more interesting jobs. They are more challenging in many ways, but it moves them away from benefits-processing work, which is relatively low-grade, and into customer-facing work and doing things that only people can do. They are getting alongside customers, particularly those with complex needs, and helping them to navigate the system. Where they can, like with work coaches in jobcentres, they are helping people to move on in their life, into a degree of financial independence so that they have less reliance on us in the future.



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That requires a lot of investment in training. I mentioned our people survey results; I am not allowed to give you the numbers, because they are not yet published, but I can tell you that in learning and development, our scores are higher than anywhere else in the civil service because of the investment that we put into learning and development and supporting our people to make exactly the journey that you have described, Mr Kane.

**Neil Couling:** It is right to say that it is hard, but it works with the grain of what our people want to do. During the really dark days of universal credit, when there was a lot of criticism of it, the staff would say to me, "Don't give up. You're not going to back down on this. We are going to carry on," because they just did not want to go back to the old system. This works with the grain of what our people want. That makes cultural change slightly easier, but any cultural change is probably the hardest thing in any transformation programme.

- Q32 **Chris Kane:** Just to push one last time on this, you have described the world that we are aiming for—this wonderful destination that we are heading to—but we still have to navigate the journey to the airport and then get through security. What I am hearing from you is that with this cultural risk, which you have identified as one of the biggest risks, you are confident that you have mitigation in place, you are dealing with it and you are not overly concerned about the risk.

**Sir Peter Schofield:** I am not overly concerned, but, speaking as a leader of the organisation, it is incumbent on all of us as leaders to help our colleagues to make that journey. Part of that is about helping our colleagues understand the change that is coming, why it is a good thing and how they have a part to play in making that change. It is about giving them a real sense of pride in the organisation, both in what we do now—their success in the here and now—and in the success of the organisation that they will be part of going forward. It is a leadership issue: there are all the things we have talked about in relation to training and support for colleagues making the journey, but leadership is also really important in giving people a sense of why change is coming and why it is important.

To go back to where I started, the thing about our colleagues is that people work in DWP because they are motivated to support our customers. Ultimately, the story that we can tell is that we are delivering a better service for customers, both in the here and now and by helping to transform lives going forward.

**Chair:** I would like to finish on the service modernisation programme part of this inquiry, and then we will take a break, if that is acceptable.

- Q33 **Mr Betts:** Sir Peter, obviously this change is a major task, but in the end it boils down to how much you are going to spend and how much benefit you are going to get. Have you got the resources to actually deliver this programme, bearing in mind that it seems to have cost more in the initial stages than had perhaps been planned?

**Sir Peter Schofield:** It is still on track within the boundaries of the business case that was made. We are focusing on the service



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modernisation programme itself; as I said, that should be seen as only one part of the overall modernisation story for DWP services as a whole. Within service modernisation, the return is about 2.3:1, as I recall, in terms of the business case and it remains where we would want it to be.

As for resourcing, the Government have set spending envelopes only for the period until March 2026, so we are funded for the period up to March 2026. There will be a spending review in the course of the next year to set budgets for the years beyond that, but we make a strong case, because this is delivering savings and delivering better service over a period of time. I cannot commit the Department without the context of the spending review conclusions, but I am confident that the resources will be there.

Q34 **Mr Betts:** Do you have enough money to keep delivering it next year?

**Sir Peter Schofield:** Yes.

Q35 **Mr Betts:** In terms of the benefits, the information we have is that the expected return has fallen by £150 million over the past year. Is that worrying? Is it a trend that could derail the programme?

**Sir Peter Schofield:** I don't think so. What you find with these programmes is that you develop them in theory—the business case is developed and you look at the potential returns and what needs to be done—but then, in the context of a complex system like ours, as you start the programme, you do the more detailed planning and identify complexity that you were not aware of before. You are building some of this on legacy systems, some of which are 30 or 40 years old. We need to be able to remediate those. I am confident that we are through the process of detailed planning and getting to the bottom of that, so we now have something that is robust. Amanda, do you want to add to that?

**Amanda Reynolds:** In the last couple of years, there has been a good trajectory on benefits and child maintenance; I have alluded to some of that. I cannot share the numbers for the last two years, because they are not publicly shared, but we have exceeded the benefit realisation for the first two years.

**Sir Peter Schofield:** It may be helpful to give you the sense that although we set a course for 10 or 11 years, we have to make course adjustments, as you can imagine: we know the destination, but we may need to make course adjustments as we go along.

One example is how we are reforming pension credit. One way we had been planning to do that was by linking it more closely with the state pension in the first instance, in terms of the way we deliver it and then build out beyond that. Now the Government have announced that they want us to proceed next year and the year after with the merger of pension credit with pensioner-age housing benefit. That links to our absolute focus on driving up take-up for pension credit. It means that we are going to do that bit of the service modernisation programme in a way that we had not originally planned. It will all get to the final destination; we are just doing it in a slightly different way.



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I just want to give you a sense, Mr Betts, of what it is like to go through a journey like this. For me, it is a bit like a jigsaw puzzle: you know the picture and you know the pieces, but sometimes the order in which you put those pieces into the puzzle will depend on the circumstances at the time.

**Mr Betts:** As long as you do not misplace one of the pieces along the way.

**Sir Peter Schofield:** Exactly—then you are stuck. You need to get the corners in right. It is that time of year, isn't it, when we start getting the jigsaw puzzles out for those long winter nights?

Q36 **Mr Betts:** Finally, I want to ask about the budget for next year. Obviously Ministers are very focused on efficiencies. I think you have been charged in the Department with £250 million of efficiency, including the service modernisation programme. Is that going to be deliverable?

**Sir Peter Schofield:** Yes. We are a Department that constantly needs to drive efficiency with a view to delivering a better service at the same time. Some of the examples we have given of what we have achieved in the past give us confidence about what we can achieve in future. Universal credit is now saving—when I was last at the Committee, I might have cited £500 million in administrative savings a year. I think we are now up to about £800 million a year of administrative savings, year after year.

**Neil Couling:** That's right.

**Sir Peter Schofield:** And yet, as you can see from the Report, the customer service for universal credit is much better than the customer service—

**Mr Betts:** So you are going to deliver the £250 million?

**Sir Peter Schofield:** Yes.

Q37 **Debbie Abrahams:** I want to follow up on the issue around cultural transformation and so on. I have met your advanced customer support leaders, and they are absolutely excellent. Hopefully that is something that you will build on.

**Sir Peter Schofield:** Thank you for saying that.

**Debbie Abrahams:** I have met a number of them, and they were fantastic. I was wondering what a new Government and political leadership meant in terms of a change of culture. How are you going to monitor that? It is not the easiest thing to monitor. I am particularly thinking about contracted services, such as the health assessment process that you have talked about before. How are you going to ensure that those cultural changes will also be integrated into the contracted services?

**Sir Peter Schofield:** That is such a good point. How do we do it? We embed the cultural change through DWP values: we deliver, we care, we adapt, we work together and we value everybody. Those are values that



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are embedded throughout the organisation, and we talk about them regularly. We are in the process of launching the next round of communicating what we are about across DWP—not just what we are about, but how we go about it. Those values are embedded in what we do, and they create a language that enables us at every level to call out what is great and what is not so great.

That links to the second point, which is around feedback and learning from what has gone wrong and what we need to change—or from where something has nearly gone wrong. It is about how we embed that in the service. We have talked before about how advanced customer service senior support leads are part of a story of improving the way we respond to things that have gone wrong. They also ensure that we are caring for people with complex needs and that we are well connected with other agencies.

That leads to your third point, which is the fact that it is not just the DWP alone; we have got partner organisations. You rightly call out the way we work with the health assessors, the guidance we have with them and the conversations we have with them at every level. That has been a key part of procuring the new contracts that went live in September. We also interact with other organisations that play a part in the lives of the people with complex needs that we support. Again, that is where the ACSSL colleagues come into play. If we have a question about the situation for someone who we know has complex needs but are unable to get in touch with, they may have another way in—maybe through a landlord, a local authority or part of the NHS. They are well connected into a local infrastructure. All of those things are part of the culture change to provide the support that you want us to provide—and I want us to provide.

**Q38 Chair:** May I press you on the figures on the modernisation programme, Sir Peter? The Report makes clear, in paragraph 3.14 on page 46, that it is an 11-year programme costing £312 million. As I understand from the report, you have already spent £211.5 million, so what is the total estimated cost of it now? What are the latest figures?

**Amanda Reynolds:** A lot of the money so far has been invested in the strategic reference architecture. The ambition of service modernisation has been about building components once and reusing them multiple times. The bulk of investment, as you would imagine, has gone into trying to move us away from our legacy systems. Over the last number of years, each service has been quite different because of its policy and nature. Pre the Department being together, there were separate agencies, so we have been trying to ascertain and navigate a path where we look at this more strategically. If we build something once—it could be something as simple as an appointment booking system—how can we ensure that it is relevant for a number of services or for applying online? How can we ensure that is the same, apart from maybe different policy-related questions?

There has been a bigger and more fundamental investment in digital and technology. We have still got more work to do on that; I want to be transparent that there is more work to do on digital and technology. We



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are looking at what the next year looks like for investment, specifically in digital and technology, now that we have the ambition from Ministers to merge—

- Q39 **Chair:** I think we will come back after the break with some more detailed questions on technology. I just want to stick with the costs, the business case and the benefits. What are the latest estimates of the cost of it? Are we still in that £312.1 million, as mentioned in paragraph 3.14?

**Amanda Reynolds:** That is a great question. We are just going through the spending review at the moment to ascertain where we are with the spending for the next three-year period, and the different adjustments to housing benefit and pension credit are just one of those, so it is about what that does to the cost base.

**Sir Peter Schofield:** I think we will be revising the business case in the light of the spending review.

- Q40 **Chair:** What is the timetable for that, Sir Peter?

**Sir Peter Schofield:** The Chancellor has said in the late spring.

- Q41 **Chair:** On the benefits side of this, in paragraph 3.16 the benefits are stated to be £680.4 million. Are they still the same, or have they reduced?

**Amanda Reynolds:** Our business case at the moment has remained the same, but, as the permanent secretary alluded to, we will be looking at the new spending review bid and ascertaining what we are doing in which years, and equally over the lifetime of the programme.

- Q42 **Chair:** Sir Peter, you gave us the business case ratio of 2.3:1. Given that we have slight variations in both the costs and the benefits, does that remain valid, or is that likely to shift as well? What I am really trying to get at is this. Are we in a scenario where the initial projected benefits of this whole system have proven not to be quite as big as originally projected?

**Sir Peter Schofield:** No; it is not that the benefits are not what we had thought they would be, but that there has been some delay in some of the delivery of some of those benefits. It goes back to what I was saying about the challenges. You meet the complexity of the legacy systems that you are building off from or remediating, so sometimes there is complexity that takes longer. You get to the same annual run rate of savings eventually, but when you look at the 11 years of the business case through to 2033, sometimes you have pushed some of those benefits back. It is still worth doing, because it delivers all these long-term savings and improvements to customers, but it changes that ratio a little bit. It is still within the bounds of where we set out to be. I suggest that after the next spending review, when we are able to set out the path for service modernisation and what we get funded for from 2026 onwards, it is something we could have a further conversation on.

- Q43 **Chair:** I am absolutely certain that both Ms Abraham's Committee and



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this Committee will want to take a close interest in this, and we will have to work out between us who does what. But yes, we would love to come back to that, if we may. I am anxious to get some final questions in before the break, and this is about cross-party working between your Department and other Departments. How are you working with HMRC and other customer-facing Departments to share good practice and learn lessons about customer service?

**Sir Peter Schofield:** One of my other hats is that I am head of the cross-Government operational delivery profession, and as part of that we meet regularly as a senior team. I also bring senior leaders together in something we call a senior community of practice to talk about some of these operational and service delivery challenges. I brought one together some months ago to talk about telephony and channels. We talked a lot about AI and its potential to improve the services that we provide. Obviously, every organisation is different. HMRC is represented on that, as is the Ministry of Justice, the Home Office and other big delivery organisations, as well as some arms-length bodies. Everyone is different, but we are all trying to think about what we can learn from each other, for example how we modernise systems while still ensuring that we deliver the outcomes we need to deliver all the way through. We are different, but we are learning from each other. AI has a lot of potential and we are all trying different things, but it is about how we can learn from that. People are quite interested in the AI tool that I described to Ms Abrahams.

Q44 **Chair:** We will come back to that after the break. Is there anything that you are mutually going to tell us that you are doing differently as a result of that cross-Government working?

**Sir Peter Schofield:** One of the things we looked at is the role of telephony in channel shift, and my determination to ensure that the telephony service is there and is of high quality as we deliver online services alongside it, to ensure that—given our customer base—there is a variety of channels available. It is a bit like the conversation about child maintenance: you create an online service and encourage people to use it because you make it a great service, and then people migrate away from the phones because they have a great alternative where they are able to use it, and if they are not able to use it, the phone is still available and you get those benefits.

We are all learning from each other how to make that journey, because we know that the online journey can be better for many people, but we also have vulnerable customers who we need to support along the way.

Q45 **Chair:** I suppose the proof of the pudding is in these cross-departmental exchanges. How are those informing your modernisation programme?

**Sir Peter Schofield:** Another thing we learn from is who other people are talking to. Clearly, we do not have all the knowledge within DWP or even within civil service operational delivery, so who do we learn from? Somebody who has been really helpful is a colleague from the National Audit Office, who regularly comes to our meetings and gives a wider sense of what is happening not only across Government, but beyond. That is

quite a good challenge for us as well. We take the opportunity to bring other organisations in to hear and to learn from them, so that we can try to be the best we can possibly be.

**Neil Couling:** Specifically, other Departments are interested in our white mail solution that we mentioned earlier, where we use AI to identify vulnerabilities, because other Departments face those challenges too. We have learned from, and indeed used, HMRC's approach to identity verification in universal credit; they built something and it really works for us, though we had to adapt it a little bit. There is a lot of cross-fertilisation going on.

**Chair:** I imagine particularly within your two Departments. If it was the same lady from the NAO that you were talking about, Sir Peter, she came and briefed us yesterday, and she was very helpful indeed. I am going to call a break now.

*Sitting suspended.*

*On resuming—*

**Chair:** Thank you all very much for co-operating with a short break—I am sorry it was so short. We have to finish by 12 o'clock, so I am asking for both questions and answers to be short, pithy and to the point. To prove that, Anna Dixon will ask the next question.

Q46 **Anna Dixon:** I will get into the issues of underpayment and overpayment. We talked earlier about one of the key metrics of your customer services being payment accuracy, and yet an estimated £9.5 billion was overpaid. Let us start there. We have heard a lot of publicity about carers and the overpayment of carer's allowance, with some £250 million being clawed back presently from 135,000 carers. Sir Peter, what do you expect the total overpayment to be in '24-'25? Do you think it will increase, or have you put in measures to reduce the amount of overpayment?

**Sir Peter Schofield:** The story of overpayments in DWP benefits is one that this Committee's predecessor went through quite a lot. I will not necessarily go through it, other than to refer to the way that it went up in the period during the pandemic and has come down, but not as quickly as we might want.

We have huge numbers of initiatives and activity under way to drive out fraud and error in the system, and we have set ourselves a target of driving out £1.7 billion of savings in the current year. We are well on track to do that through a combination of measures, such as some of our core anti-fraud measures and the new targeted case review, which are working through universal credit claims. All that is working well and building up. In the Budget, the Chancellor announced a further set of measures that will drive further fraud and error savings going forward.

We are doing a lot of activity, against which we have the headwinds that we have talked about before in this Committee. In our annual report and



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accounts, we said a little bit about the impact of wider trends of fraud in society at large and how it impacts on what we see. As we drive down fraud and error, the headwinds push it back the other way.

In terms of where this is going, the OBR recently, as part of its Budget statement document forecasting welfare trends going forward, did a projection of fraud and error overpayments in universal credit over the period to the rest of the scorecard to 2030. That showed fraud and error overpayments in universal credit coming back down over that period, as a result of all the initiatives we are doing, to below the pre-pandemic level.

**Q47 Anna Dixon:** I will leave colleagues to focus on fraud; I am more interested in error and, in a way, DWP error. Obviously you have data on carers, for example. There is data in the system about people, even if it is with HMRC, but they were not being notified. That leaves people in a situation where they then face large bills in a delayed way.

I even have a small case in my constituency where somebody was made redundant, claimed JSA and was told that it would be backdated. They started work again, and it was actually included in the same time that they were being paid, so it came up on your system as an overpayment notice. Again, they are getting a claim back, even though their adviser had said that this was money they were due.

Those sorts of errors, which are actually in DWP's system and causing distress to benefit claimants who are effectively being overpaid because of your error, are quite a different matter from people overclaiming from fraud. I really want to understand how you are driving out that sort of error.

**Sir Peter Schofield:** What we call official error, or DWP error in the system, is relatively low; it is a low proportion of the overall overpayments. The overpayments due to DWP error were 0.3% in the year that we are talking about, and underpayments were 0.4%, so they are relatively low. I think the trend is that they have been coming down for a period of time.

I think you were asking specifically about carer's allowance more broadly. The National Audit Office is doing a review at the moment, which will come out imminently, and the Secretary of State has commissioned a review looking into the circumstances that led to overpayments, which will be led by Liz Sayce and will be setting off shortly.

It is a really difficult balance, because we know that carers play an incredibly valuable role in society. It is an old benefit. It has an earnings cut-off that has been £151 a week, and if you earn more than that in a week you are entitled to nothing. We have been working very hard to raise awareness of that threshold. I double-check myself the letters that we write to people on carer's allowance, just to make sure we are very clear that any penny earned over that threshold annuls the benefit.

**Q48 Anna Dixon:** But would you agree it does not fit the modern way of working? Obviously, universal credit has partly been developed to



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recognise that people have fluctuating working hours, fluctuating contracts, and even more so if they are juggling care with work—so, noticing when, as a result of being on a zero-hours contract, you did an extra hour's work, or indeed received uplifts, as it was in the past with minimum wage. I wonder you are doing anything more ahead of the review to ensure that we are minimising these sorts of overpayments.

**Sir Peter Schofield:** The design of the benefit is obviously a policy decision for the Government to make in due course. One thing the Government have done is raise that threshold to 16 hours' worth at the national living wage, so that will take it up to £196—that will make a big difference—and then peg it to the national living wage growth beyond that, so that you don't end up in the situation where someone gets a pay rise/uplift due to the national living wage and as far as they are concerned, they haven't worked any extra hours, but they inadvertently find themselves going above the threshold. That will address that element.

On communication, Ms Abrahams will remember from her Committee that we have been exploring whether we can use SMS messages to be more effective. It is difficult because although, as you said at the beginning, HMRC have data on earnings, the HMRC data doesn't tell the full story when it comes to eligibility for the benefit. That is because you take your earnings but then you are able to deduct costs for respite care, pension contributions and so on. Carers really welcome those deductions; you don't necessarily want to take those deductions away, but it does mean that we cannot automatically say from HMRC's alert that someone is or is not entitled. We then have to do quite a lot of work to get to the bottom of that. In some of the work that we have done, it is suggested that we might take one of these alerts and look through, but only 25% of the time does it lead to us finding out that we need to take new action. So it is not like universal credit, where you take the automatic feed from HMRC and automatically calculate; it is much more difficult than that. But it relates to the age of the benefit and the age of the systems.

Q49 **Anna Dixon:** It sounds like the review has plenty to look at on that. In the interests of time, I will move on to underpayments, because if claimants are getting less money than they are entitled to, obviously that increases their own financial hardship. The NAO Report suggests that, as you mentioned, official error accounted for £1.1 billion, but there was also unfulfilled eligibility, which was a further £3.1 billion. Why are claimants increasingly receiving less than they are entitled to?

**Sir Peter Schofield:** It goes back to something we talked about at the beginning. The biggest area of underpayment is because of people with health conditions who are claiming disability benefits who don't let us know when their condition has, sadly, deteriorated. Let us say they are on the standard rate of PIP but their condition has deteriorated. They would then be entitled to the higher level of PIP, but they don't let us know. There is no way that we will know that unless they let us know. So, we need to encourage people to come forward—regularly to tell people and make it easy for them to let us know of a change of circumstances. We



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prioritise those changes of circumstance in the queue so we can get to them quickly.

The other element goes back to trust—creating an environment in which people think, “I think my condition has worsened. I should go to DWP and I will be treated fairly.” I want to make sure, yes, that they are treated fairly, but also that they have the feeling that they will be treated fairly—have that trust. Part of that trust is built when they claimed for PIP in the first place, so we have to get that right and then we will help reduce that level. It is really about encouraging people to come forward when there has been a change of circumstance. I would always say that to folk: “If you are on DWP benefit and there has been any change of circumstance, please let us know and then we can do something about it. Sometimes it means that you are eligible for more benefits and you can be connected to those benefits more quickly.”

- Q50 Anna Dixon:** There is a very specific group of people who were effectively underpaid. When people were migrated from ESA to universal credit, those under managed migration received some transitional protection so that they did not lose it, whereas others under natural migration actually lost their enhanced disability premium. I have a case in my constituency. I understand that has been successfully challenged, but as yet, recipients have not received compensation from the DWP. If you are not able to speak about this matter directly now, I would appreciate follow-up clarification on what is being done to address that particular group of people who were underpaid.

**Neil Couling:** This might frustrate you, so I apologise in advance, but the judgment of the court left it to us and the people taking forward the case to try to resolve what the level of compensation would be, and those discussions are continuing. I do not think we can update you until they have been completed.

**Anna Dixon:** Okay, but as and when they have been, I would be grateful if you could—

**Neil Couling:** It is under active consideration, and we know we have to.

- Q51 Chair:** Thank you, Ms Dixon; that is very helpful. This question is for Sir Peter or whoever wishes to answer it. The Child Poverty Action Group says, “We have heard evidence of how vulnerable claimants have been pushed into hardship due to fraud investigations, despite not having made a fraudulent or erroneous claim.” On machine learning techniques used to identify fraud, you have set out a fairness analysis, and you have published part of it but not all. Is that correct?

**Sir Peter Schofield:** Yes. We are looking at a variety of uses for machine learning, but it is in active deployment only for advances in new universal credit claims. We published fairness analysis, as you say, partially, in the annual report and accounts. There is a judgment for us here, which we have talked about with the Committee before, about how much of our workings we display publicly, because obviously that then helps a fraudster to work out how to navigate the system. We have talked to the



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National Audit Office about this, and it has had some insights into what we should do. We are satisfied with the fairness of the way in which the machine learning process works, but I am not sure we want to go into more detail in public session.

- Q52 **Chair:** I absolutely understand that, but I think the Committee would quite like to be satisfied that what you are doing is fair. Is it possible for you to give us confidential information, or even information under reading room terms, which, as you know, is never leaked from the Committee, so that the Committee can be satisfied that what you are doing is fair to your claimants?

**Sir Peter Schofield:** I am happy to work with the Clerk to find a way. I do not know whether the Comptroller and Auditor General wants to talk about the access that he has. That is another way for the Committee to be satisfied—to know that the NAO has looked at everything.

**Gareth Davies:** I am happy to work with the Committee in whichever way it would prefer. We have access powers to the information, and clearly we would publish only what is sensible to publish, but we are happy to work with the Committee on that.

- Q53 **Chair:** Given that piece of evidence, the Committee really does need to be satisfied that what you are doing is fair. I am sure it is, but I think we need to be satisfied.

**Sir Peter Schofield:** Gareth and his team have access already, but I wonder whether we can set time aside as part of the next audit process. I do not want to put words in your mouth, Gareth, but if you want to give your assurance to the Committee alongside—

- Q54 **Chair:** We have limited time now, but can the three of us—the Department, the CAG and NAO, and ourselves—work together on this? That would be really helpful.

This question stems from the evidence we were given by the Public Law Project. It said that one of its priority areas is automated decision-making—ADM—in Government. It believes that ADM has many potential benefits, but action is needed to ensure that this new mode of decision making is transparent, lawful and fair. It goes around the same point and asks quite a lot of questions. If we can work out how you can answer those questions in correspondence, that could satisfy the Committee. That may be one way of working.

**Sir Peter Schofield:** The main safeguard, as I have reassured the Committee in previous sittings, is that we would never stop payments to a customer due to an AI tool. What AI helps us to do—we are only in the foothills of using this to its potential—is to direct our work more effectively, but ultimately it is directing the work of our own people to investigate. We will also use false positives, so that an agent doesn't think, "Just because this has been referred to me, it is definitely likely to be a fraud claim." So we try and get the balance right, but it is really about how we use our resources most effectively.

**Q55 Chair:** I absolutely understand that. I am sure that everything is fine; it is just that we would like to be satisfied. Can we move on? How concerned should we be that you did not achieve your savings target for targeted case reviews in '23-'24?

**Sir Peter Schofield:** Neil has been leading this work, so I will pass that to him, other than to say that this is one of those programmes where the most important thing for me as accounting officer—I am absolutely all over this, because it really matters in terms of driving out fraud in the system—is to know that the system is working and delivering the hit rate, as opposed to getting early on the volumes. The volumes come in due course. The savings in the first year or two are relatively low, compared with the savings we get further down the track. But to be assured that we are going to get those savings down the track, I need to know that it is working in the here and now, and that is what we have been looking at.

**Neil Couling:** The short answer is that you don't need to be concerned. The reason why we took a little dip last year from where we thought we would be was that, because of other pressures on the Department in its recruitment—last year, we were recruiting about 20,000 people into the Department—we realised that we couldn't do our targeted case review recruitment and the rest of the Department get the work coaches it needed and other people to administer the growth in the other benefits we were speaking about earlier. So we decided to use a contracted route. That meant I had to divert some resources, which were going to expansion in-house, to setting that up. You saw us achieve only about £89 million, I think, of the savings we thought we would achieve in that year, but we are back on track this year. In fact, we are ahead of profile on targeted case review savings this year. So it was just a blip, because we had to take this slightly different route to getting to the situation. We have said to the Treasury, and the OBR has accepted, that we will be back on track for later years.

**Q56 Chair:** That is a perfectly reasonable and satisfactory answer, Mr Couling. What lessons have you learned from the targeted case reviews completed so far?

**Neil Couling:** One of the things is that this works. I think I told a previous Committee I had sat around, wondering what I could do about fraud, and thought, "Why don't I take the measurement system for fraud that we have—very small sample cases—and try to apply that to as much of the caseload as I can?" Point No. 1 is that it is working. It is finding the error—the overpayments. It is finding some underpayments as well, which is really encouraging. It is allowing us to understand how claimants misunderstand the system: "I didn't understand I was meant to declare this." That is feeding through into our development of the UC service. It is also informing us about just how people are misbehaving and what steps we need to take. I am not going to talk about those, because if they worked that out—

**Chair:** No, no. We would not expect that in a public session. Absolutely right.



- Q57 Mr Betts:** Fraud is an issue that really concerns the public, who feel it is their money that is going improperly to other people—and it is. The NAO are telling us that the Department are saying, “Really, all this fraud is down to an increasing propensity in society to commit fraud. It is something you have to live with and you can’t really deal with it and get it down.” Is that a fair description?

**Sir Peter Schofield:** I would describe it, as I said earlier, as a headwind that we are working against, but it does not mean that I am satisfied with fraud levels as they are. That is why we are doing all the work that we are currently doing—driving out £1.7 billion of savings in the current year, but more importantly the savings that we are going to be delivering over the coming period.

Despite the headwinds, the OBR, on the basis of the new initiatives that have been funded by the Chancellor in the Budget just gone, are now saying that fraud and error in universal credit, which is an area where we have seen particular growth in recent years, is going to come back to 9.3%, compared to 9.4% in the year before the pandemic. I am not satisfied with fraud and error being where it is. We are driving that out, and we are positive about the potential now to get that back down to where it was pre-pandemic.

- Q58 Mr Betts:** You got extra resources in the Budget specifically for that. What will that extra expenditure achieve in terms of money and reduced fraud?

**Sir Peter Schofield:** One of us will return to the numbers in the Report, but it was set out in the Budget Red Book. Crucially, we will be doing more of the targeted case review that Neil described, and we are doing more of our ongoing work on counter-fraud and compliance, and business-as-usual work.

We are also doing some new things—for example, regularly asking claimants on universal credit to reconfirm that their circumstances are up to date. That is because one of the things that we find, in terms of overpayments in the system, is that although someone’s claim will be correct when they make it, it is the nature of people—particularly people of working age, who are claimants of universal credit—that something will change in their lives and they do not get around to letting us know. Maybe a partner has moved in and they should be claiming as a household, rather than as two separate individuals, or maybe they have been fortunate enough to inherit some money and they now have some money in the bank that they should be declaring. This gives customers the regular opportunity to say, “Yes, this is a moment where I can let you know of a change.”

And then, of course, there are further powers to give us access to data, particularly because one of the big areas of overpayments in universal credit relates to people who have savings in the bank that they do not let us know about. Some of the powers in the Bill that the Government will take forward will give us the ability to ask banks to let us know of



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situations in which someone is on universal credit and has more than a certain amount of capital in the bank.

**Q59 Mr Betts:** Is that automatically looking at people's bank accounts, or do you have to have concerns about someone in order to do that?

**Neil Couling:** It relates to people who have not engaged with us— so they are people who owe us money.

**Sir Peter Schofield:** I was on access to data.

**Neil Couling:** Mr Betts, were you asking about that?

**Q60 Mr Betts:** Let us cover access to data then, first of all.

**Sir Peter Schofield:** I will do data and you do access, Neil.

**Neil Couling:** Okay.

**Sir Peter Schofield:** On data, we say to the banks, "You know who gets universal credit"—because the banks will see that income coming into people's accounts with an identifier from DWP—and, "Can you let us know when someone who is receiving universal credit has more than a certain amount of money in a linked bank account, in terms of savings?" We then get information that says something needs to be investigated. We do not look into the bank accounts. We just get a feed from the bank that says— against a rule that we will have specified and set down as part of secondary legislation—"There are these cases that you should investigate." It just gives us an idea of who to look at.

**Neil Couling:** It is not automatic, because people can legitimately have more than £16,000 in their bank account and claim universal credit—if they have received compensation as a result of, for example, the infected blood inquiry.

**Sir Peter Schofield:** That is the crucial point. None of this leads to an automatic stop. It is just a line of inquiry that means that one of our investigators can say, "Okay, this one needs to be looked at." It is exactly as Neil says: "Okay, you have got more than £16,000 in your bank account—why?" It could well be a compensation payment that is excluded from the constraints of the rules in universal credit—fine, no problem. But that is the way that that would work.

**Neil Couling:** In answer to one of your earlier questions, the overall savings set out in table 2.1 of the Budget book are £9.2 billion across the scorecard period for an investment of about £1 billion to DWP. We have a specific measure—I think this has been a bit misunderstood outside Parliament—relating to people who owe us money but are not on benefits. If somebody is on benefits and owes us money, we can attach it to their benefit, make a deduction and get some of that money back. This is for people who have agreed that they owe us money but refuse to repay that. So in my mind, it puts people who are not on benefits on level terms with people who are on benefits, and it allows us, when they will not comply, to remove money from people's bank accounts, much like HMRC can. It is



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very much a last resort, but we have examples of people who accept that they owe us money but refuse to pay. That measure saves around £565 million across the scorecard.

- Q61 **Mr Betts:** I have a specific question. Covid was a difficult period—we understand that—and the checks that you could do then might not always have been as detailed as the ones you can do now. PIP had little fraud because of all the checks, but during the covid period, people could get it without the same checks. As you go for renewal of PIP, are you finding evidence of higher fraud in that area?

**Neil Couling:** After covid—I think you might mean UC, which was where we had to waive some of the controls, because we just could not apply face-to-face controls during the health crisis. We did go back to check some of those cases and we recovered about £500 million in overpayments from them.

What covid did was mask the underlying growth in fraud. The underlying growth of fraud in the economy is absolutely huge, which is why the OBR and I think the NAO now accept the propensity arguments that we have been making. That does not make us complacent about it. The other day, Cifas produced data to show that 12% of all adults in the country last year admitted to doing some kind of fraud. The level of fraud in universal credit is about 10.9%, so you could say that claimants are less fraudulent than the general population as a whole.

It is really important—I know this Committee would never do this—not to tar claimants through the fraud drive, but this is a serious issue facing a number of public and private sector organisations. Fraud is rife. It is the fastest growing area of crime in this country.

- Q62 **Mr Betts:** Finally, when you look again at cases that under covid you could probably not delve into deeply, are you finding that that exposes fraud?

**Neil Couling:** Yes, exactly. That is what the targeted case review is doing. Basically, it is going back through and checking the cases that we have. We are trying to improve our defences for the cases coming in, and we are trying to make sure that when people's lives change, they tell us.

**Mr Betts:** I have a constituency case that I will drop you a line about.

- Q63 **Chair:** I have a few short, sharp questions to ask about the NAO Report on your accounts. Sir Peter, paragraph 44 states, "Both the Committee of Public Accounts...and the National Audit Office...have repeatedly recommended that DWP sets...a target" for fraud and error. Is that something you are thinking about?

**Sir Peter Schofield:** For the past couple of years, we have set this target around AME savings, and that is the target I was referring to—of taking £1.7 billion in savings in the course of a year, including the effects of the targeted case review. That is well under way.



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The challenge back is that we then see more stabilisation in the overall situation, in terms of fraud in the economy. To think back a year or two, we were very uncertain about the scale of those headwinds. We were doing all that work and still seeing fraud and error going up. So let us come back to it. We will reflect ahead of the next annual Report on accounts, in the light of the new stats that come out in May, and we will let you know.

- Q64 **Chair:** In paragraph 45, the NAO states that with its fraud and error framework, you have to have an iterative approach “to encompass Fraud, Claimant Error, Unfulfilled Eligibility and Official Error—whether these result in overpayments or underpayments”. Is that something you are looking at?

**Sir Peter Schofield:** Yes. I really agree with the NAO on its approach.

- Q65 **Chair:** Okay, that is fine. “Applying the principles of the NAO’s Framework is essential for DWP to demonstrate that it is operating a cost-effective control environment that takes all reasonable actions to secure outcomes in accordance with Parliament’s intent”—is that something you agree with? That is in paragraph 46.

**Sir Peter Schofield:** Yes. There is a reference to “not resource constrained” in here—

**Neil Couling:** That was in paragraph 49. That might be a bit utopian.

**Sir Peter Schofield:** That was the one thing—we are always resource constrained. There is the wider challenge that I am sure you would want to hold me to account for, which is that we have now had 36 consecutive years of our accounts being qualified on regularity grounds. I desperately want to be in a position where we can satisfy Parliament that, in a value-for-money way, we have the controls in place that will minimise fraud and error in the future, so that the qualification can ultimately be lifted. That is part of following—

- Q66 **Chair:** You helpfully pointed me to paragraph 49, which is where I was going to finish. I accept the point about being resource constrained, but what the CAG and the NAO say is, “By moving towards the establishment of a cost-effective control environment...DWP will be able to ultimately demonstrate that it has done all that is reasonable to realise Parliament’s intent for an efficient means-tested social security system.” Clearly, there is a journey here.

**Sir Peter Schofield:** There is absolutely a journey. We have talked a lot about detecting fraud already in the system, but at the heart of this is a plan to prevent fraud coming in in the first place. For the second—

**Chair:** I will stop you there. We will be inquorate in a minute. Debbie Abrahams, you have 30 seconds.

- Q67 **Debbie Abrahams:** I want to explore quickly the use of organised criminal groups in relation to fraud for the DWP. Will you confirm that that is a serious issue for you?



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**Neil Couling:** It is a serious issue, but it is a mistake to think that that is the predominant kind of fraud. That is a large volume of small-amount fraud in general. We reckon about 5% to 6% of the fraud we see is organised. We focus on that and come down very hard on it, but the big problem is getting people to tell us that their circumstances have changed.

**Chair:** Sir Peter, I thank you and your colleagues. We very much take on board what you said in answer to one of the questions: it is easy in this Committee to look at metrics, measurements and so on, but your Department deals with some of the most vulnerable customers in the land. We are always very conscious of them. This has been an interesting session; thank you.

The uncorrected transcript of the hearing will be published on the Committee's website in the coming days. The Committee will consider the evidence provided and will produce a report with recommendations in due course. I thank everyone for their co-operation. We have had a tight time schedule today, but we have covered a lot of ground.