



Department
for Work &
Pensions

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Rt Hon Stephen Timms MP
Chair, Work and Pensions Select Committee
Dame Meg Hillier
Chair, Public Affairs Committee
House of Commons
London
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Sent electronically

16 May 2022

Dear Stephen and Meg

STATE PENSIONS UNDERPAYMENTS

I am writing in response to your letter dated 20 April 2022 which raised questions relating to staff guidance, communication to pensioners and progress in tackling cases in the State Pension Underpayments LEAP exercise. Please find our responses to your questions documented below.

What is the status of the documents quoted in the Westminster Confidential report? Do they represent current policy? If not, what changed and when?

There has been no change to our policy. This first document was internal and part of many guidance documents provided to colleagues in handling calls. Our approach is only to conclude calls once all the available information has been captured and next steps explained. We have, however, removed the reference to "close the call" to ensure this is not taken out of context.

Our advice to concerned customers remains that there is no need to contact the Department about a potential underpayment if they are part of the three groups identified as part of the State Pension Underpayments LEAP Exercise.

The other document was a locally produced document to support colleagues. This referred to a focused activity on specific cases for our main State Pension processing. The document did not relate to the handling of the State Pension Underpayment LEAP Exercise.

How will you evaluate the effectiveness of the revised information on Gov.UK in helping those who may be affected to understand their position and to take appropriate action? Do you have plans to review your communication strategy and take further action if, for example, only a small number of those affected contact you to report a change of circumstances or make a claim?

As set out in the Government's response to the PAC report, the Department currently provides a range of awareness materials, to assist people who may fall into the groups that you have highlighted, who should contact the Department.

The basic State Pension guide on Gov.uk (www.gov.uk/state-pension), specifically includes a heading: "Increasing or inheriting State Pension from your spouse or civil partner". This sets out in the "how to apply" section those who should contact the Department about their potential entitlement to Category BL State Pension. Similarly, in relation to Category D State Pension, the Gov.UK content "Over 80 pension" (www.gov.uk/over-80-pension) includes specific information on how to apply for Category D State Pension.

The Department requires individuals to report certain changes of circumstance to ensure that they receive the correct amount of State Pension. This applies to people who have become divorced or whose civil partnership is dissolved. There is information about this on Gov.uk (www.gov.uk/state-pension/circumstances-change), and importantly the Department also includes information about this in the leaflet that supports annual uprating letters that are sent out each year.

As you may be aware, people are able to provide feedback on the information available on GOV.UK. User feedback on these pages that the Department has received in the last 12 months has not suggested the need for any changes to the information for those who need to contact the Department. However, we will consider the feasibility of doing more to understand the effectiveness of our communications on this issue.

As you acknowledge in your letter of 20 April, the Department is working towards providing a more direct route for those enquiring about underpaid State Pension in respect of a deceased customer. Our intention is to update Gov.uk by Summer 2022.

You also asked questions relating to our progress with the State Pension Underpayment exercise. Responses to your specific questions can be found below.

Please could you explain the Department's plan, including any interim targets, for completing the LEAP exercise by the end of 2023.

We are on track to complete the planned LEAP exercise for the 405,000 cases by the end of 2023. Under our plan, the rate at which we work through cases increases as we build the size of the team and as we increase the number of cases each agent can complete each day. As I mentioned at the PAC hearing in October 2021, we have been running further scans to identify additional cases that may need to be corrected. As the Committee acknowledged, it is important for us to reduce the gap between the number of underpayment cases we know are there from our sampling and those we detect so we can put them right. As we do so, this adds to the number of cases we will need to rectify, and that will affect our planning. I intend to set out full details in our Annual Report and Accounts, to be published before the summer recess.

The average and the longest amounts of time that pensioners who have contacted you about a potential underpayment can expect to wait for a full response.

We have committed to publishing data at the end of the exercise. We are working through cases in priority order and aim to complete any presenting cases within 2 months. However, where we have insufficient information, it is taking longer to complete. Any change of circumstances is cleared within BAU service delivery timescales.

*Your sincerely
Peter Schofield*

Peter Schofield CB
Permanent Secretary



Work and Pensions Committee & Public Affairs Committee

House of Commons | London | SW1A 0AA

Peter Schofield
Permanent Secretary
Department for Work and Pensions

20 April 2022

Dear Peter

In its report of 12 January 2022, the Public Accounts Committee (PAC) expressed serious concerns about the Department's handling of State Pension Underpayments. Following your response to the Committee's report, we are writing to follow up on issues relating to staff guidance, communication to pensioners and progress in tackling cases that were raised by your response, the Written Statement to Parliament of 24 March 2022 and a Westminster Confidential report of 10 February.

Communication with pensioners who need to take action

A report in Westminster Confidential on 10 February included screen shots, apparently of DWP internal documents, indicating that guidance to staff on handling calls about underpayments is to 'close the call' and only take details if the customer insists, unless the case is from or about someone who falls into one of the following four groups:

- A married woman whose husband claimed his State Pension before 17/03/2008
- An individual aged 80 or over who does not get any State Pension or only Graduated Retirement Benefit
- Someone who has died and may have been underpaid
- Someone who is divorced and wants to know how it impacts their State Pension.

It also refers to a message on the helpline which starts by telling callers that, if they are calling as a result of media coverage, "please be aware you do not need to contact us." It goes on to tell people to stay on the line if they fall into one of the above groups.

People in the four specified groups appear to be those who need to take action to receive an increase in their entitlement and, when they do claim, will generally only get twelve months' backdating. Unlike those covered by the LEAP exercise, there is no legal obligation on the Department to seek them out or pay them arrears. The Department told the PAC that it could not publish guidance for those who may have been underpaid - such as an online assessment tool - because it believed it could not

accurately cover all possible underpayment scenarios. The PAC concluded that these people needed clearer information to act, or risk missing out on significant sums. It recommended that the Department “improve the clarity and availability of information on State Pension underpayments, and what people who are concerned that they have been underpaid should do.”

The Government’s response to the PAC report refers to revised information on Gov.UK which emphasises further that some individuals must make a claim and how they can do this. It is also working to provide a more direct route for those enquiring about underpaid State Pension in respect of a deceased customer. While this is welcome, we remain extremely concerned that the limited information on Gov.UK, together with the guidance and telephone message may discourage some from taking action that could increase their entitlement. We would be grateful for answers to the following questions:

- **What is the status of the documents quoted in the Westminster Confidential report? Do they represent current policy? If not, what changed and when?**
- **How will you evaluate the effectiveness of the revised information on Gov.UK in helping those who may be affected to understand their position and to take appropriate action?**
- **Do you have plans to review your communication strategy and take further action if, for example, only a small number of those affected contact you to report a change of circumstances or make a claim?**

Progress in tackling cases

The PAC also concluded that the Department had not been sufficiently transparent to Parliament and recommended periodic updates on the progress of the State Pension LEAP exercise and the speed of processing the backlog in the new State Pension. The last such report was published on 24 March 2022.

The Department for Work & Pensions (the Department) estimates that it underpaid 134,000 pensioners various sums totalling over £1 billion in State Pension, with errors going back as far as 1985. By the end of September 2021, the Department had identified 9,491 underpayments, and a total of £60.8 million had been repaid. By the end of February 2022, the total number of underpayments identified had risen to 14,239 and a total of £94.3 million had been repaid.

This suggests that over a third of the way through the LEAP exercise, the Department has succeeded paying out only around 10% of the amount it estimated was outstanding. This suggests progress continues to be slow, despite the significant increase in staff working on the project (now 500 compared to 200 at the time of the

PAC report, with the aim of increasing this to 1,500 by the end of 2022). This calls into question whether the Department is on track to complete the LEAP exercise by the end of 2023. It is particularly important that it does, given that many of those waiting will, by definition, be older pensioners. Please could you explain:

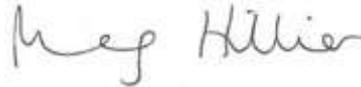
- 1. The Department's plan, including any interim targets, for completing the LEAP exercise by the end of 2023;**
- 2. The average and the longest amounts of time that pensioners who have contacted you about a potential underpayment can expect to wait for a full response.**

We would be very grateful to have a reply by the 12 May.

Kind regards,



Rt Hon Stephen Timms MP
Chair of Work and Pensions Committee



Dame Meg Hillier
Chair of Public Accounts Committee