



Department
for Work &
Pensions

THE RT HON THERESE COFFEY MP
Secretary of State for Work & Pensions
Caxton House, Tothill Street, London, SW1H 9AJ

10th August 2020

Dear Stephen and Meg,

Thank you for your letter of 20th July 2020 regarding our approach to fraud and error.

Analysis of fraud and error trends are important to me and the department, but the current situation around COVID-19 presents us all with challenges, including changes to the measurement process which has historically relied on face to face interviews. While we are moving to restore services where it is safe to do so, it will take time to return to full capacity.

We have restarted reviews on UC and we are still considering what different review methods would be possible for other benefits, such as conducting interviews over telephone. It is our intention to produce robust fraud and error estimates for 2020/21 and to include these within the normal timeline for publication in next year's Annual Report and Accounts.

Our primary effort is directed at tackling abuse within the system. There we are seeing increasing success in identifying attempts to defraud the Department, as I have set out previously. We plan to set out our continued strategy to tackle new abuses of the system (alongside fraud and error estimates) as part of annual reporting process.

Finally, it is important to reinstate normal procedures where possible in our processing of the benefits system as they help with tackling fraud and error. The recent easements helped with very high payment timeliness and was to be expected but I am content that timeliness at pre-Covid levels is acceptable going forward.

I hope this provides a clear explanation of our current position on this matter.

Yours sincerely,



Work and Pensions Committee

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From the Chairs

Rt Hon Dr Thérèse Coffey MP
Secretary of State
Department for Work and Pensions

20 July 2020

Dear Thérèse,

Thank you for your recent letters to the Work and Pensions Committee and the Public Accounts Committee on the topics of fraud and error in the benefits system, and Universal Credit Advance fraud.

During the pandemic, the focus of the Department has, rightly, been on ensuring timely support for millions of new benefit claimants. We know that, in order to achieve this, a number of the controls and checks usually in place to confirm benefit eligibility have been suspended.

In your 3 June letter to the Work and Pensions Committee, we were disappointed to see that you had no plans to publish the expected fraud losses arising from these temporary changes, or easements, to the benefit system. The promise in the Department's Annual Report, published on 30 June, to "provide an estimate of the overall level of fraud and error that has resulted from the easements" was therefore a pleasant surprise. Please can you let the Work and Pensions Committee and Public Accounts Committee know the following about the estimate your Department will produce:

1. When do you aim to publish the estimate of fraud and error resulting from changes made to the benefit system during the pandemic?
2. What challenges do you expect to encounter in producing this estimate?
3. Given extensive media reporting of UC Advance fraud, and the difficulties brought about by the suspension of face to face assessments when people apply for benefits, will you include fraud in UC advances in the estimate? If not, will you provide a new estimate for the fraud and error in UC Advance payments during the pandemic, and publish this at the same time?

We also noted the following comment by the Comptroller and Auditor General of the National Audit Office, in his Report on Account:

Due to COVID-19, the Department anticipates that it will not be able to review cases to produce an estimate of fraud and error in 2020-21 in the usual way. Visits to support reviews cannot take place and staff have been temporarily reallocated to higher priority work. The Department will need to identify how it can assess the prevalence of fraud and error to inform its fraud and error activities and to support Parliamentary accountability.

In light of this comment, we as Chairs of the Work and Pensions and Public Accounts Committee would like to put on record our strong belief that the production and publication of the estimates of fraud and error in the benefit system are of paramount importance. These estimates promote transparency and allow parliamentary scrutiny of how taxpayer money gets to those who need it most. On this topic, please can you let the Committees know the following:

4. Given the disruption to DWP's regular case review methods and the reallocation of staff, how will you make sure that a reliable estimate of fraud and error in the benefits system can be produced for next year?
5. Given that before the pandemic DWP was seeing record levels of fraud and error, with one in every £10 of Universal Credit payments incorrect, how will you ensure that any analysis of fraud and error during the pandemic improves efforts to reduce fraud and error in the medium to long term?

Finally, Will Quince, Minister for Welfare Delivery, gave evidence to the Work and Pensions Committee on 15 July. He said that some of the easements introduced in response to the pandemic have now been "switched back on". He also said that, given the increase in claimants, it would not have been possible to complete the usual ID verification and pay as many people on time and in full as DWP has managed to do during the pandemic.

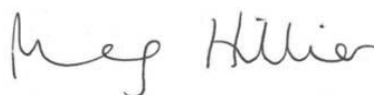
6. Are you satisfied that the "switching back on" of easements introduced at the start of the pandemic will not result in a reduction in payment timeliness?

We would be grateful for a response by 10 August.

Yours sincerely,



Rt Hon Stephen Timms MP
Chair, Work and Pensions Committee



Meg Hillier MP
Chair of the Committee of Public
Accounts