



Department  
for Work &  
Pensions

**From the Permanent Secretary**

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**Rt Hon Stephen Timms MP**  
Chair, Work and Pensions Select Committee

*Dear Stephen*

*21* November 2020

I am writing in response to your letter of 4 November 2020 following the oral evidence I gave on 21 October 2020.

Your letter raised a series of specific questions and I will address those in turn.

### **Number of Work Coaches**

- 1. John Paul Marks, the DWP Director General for Work and Health Services, told us that the highest number of claimants a Work Coach currently works with is around 200, in parts of London. We also heard that pre-Covid, the average number of claimants per Work Coach was 125 and that DWP hopes to bring it back down to these levels. What is the ideal number of claimants a Work Coach would be expected to work with?**
- 2. The full business case forecast for Universal Credit was to have 280 claimants in the intensive work search category per Work Coach in 2024-25. In June 2020 the NAO said that this forecast had not been changed. Is this high number of claimants per Work Coach still the plan, or do you intend to update this?**

Since the pandemic began there has been variation across the country given the levels of Work Coach supply in each Jobcentre, and changing levels of unemployment in different communities – and for the intensive group who Work Coaches spend most time with, the levels across Jobcentres in London averaged around 200 in the intensive regime earlier this year.

As we double the number of Work Coaches, we are targeting recruitment to match demand in local Jobcentre Districts, and so in London for example, this should reduce the Work Coach average caseloads in the intensive group closer to our longer term planning assumption of 125 per Work Coach.

To provide support to the disproportionate UC caseload growth in the South of England the Department mobilised its resources nationally to ensure we equalised

delivery across all Areas, Districts and Jobcentres. This enabled us to move resource quickly to meet our demand.

### **Jobcentre Capacity**

#### **3. Where are the two sites that you expect to have repurposed into Jobcentres in November, and when will they open?**

The first two new Jobcentres we are opening, in Ashton under Lyne and Oldham, are in existing DWP premises. The Oldham site opened on 18 November and we are planning for the Ashton under Lyne site to be open from 25 November.

#### **4. What scale of change in DWP's Jobcentre estate are you planning for? In April 2019, you released data showing there to be 638 Jobcentre sites in a "register of DWP Jobcentres". How many sites do you have now, how many do you plan to have, and what is the timeline for achieving this?**

As of September 2020, there are 639 Jobcentres in the DWP estate, of which 495 are in England, 84 in Scotland and 60 in Wales. This figure includes co-located offices with the local authority and outreach locations.

We are taking a blended approach to increasing our estate, looking to exhaust the options available to us in terms of using space that we already have, liaising with other government departments and any other organisations that can offer us space, at the same time as exploring options for new space. This will ensure that we can quickly increase our ability to see customers face-to-face, while ensuring the best value for the taxpayer.

On current demand forecasts, we are looking to add approximately 150 - 200 temporary buildings to the DWP estate. A standalone lease will be entered into for each temporary property selected which will be negotiated to reflect the local market conditions and DWP requirements. Flexible terms are being sought for all lease agreements so that the Department can exit properties when they are no longer required. We anticipate that the first new temporary site will be ready to open in January 2021.

#### **5. When will you be able to tell claimants what the new estate means for them? When will you be in a position to list the boroughs or towns in which a new Jobcentre will be opened?**

When claimants are booked for face to face appointments, we will let them know the address to attend when we notify them of their appointment.

The new jobcentres will be largely in those locations where we are seeing increases in demand for our services. These are predominantly in large metropolitan areas.

As soon as there are confirmed locations that have progressed through the commercial process, the site list will be made available on [www.gov.uk](http://www.gov.uk). This will happen in phases between late November 2020 and June 2021.

## **Government job support and disabled people**

**6. Will you collect data on whether participants in Kickstart have a disability?**

**7. You said to the Committee that information about any needs a claimant has are recorded within Universal Credit and so the information will be available, but the NAO has said that the pinned notes system in Universal Credit makes it hard to aggregate data about claimants. Will the system allow you to collect aggregate level data on disability?**

**8. How will you ensure that any requirements noted for an individual in the pinned notes system are appropriately communicated to employers, and that employers act on these?**

“Pinned Notes” is a tool that UC agents can use to keep a note in a claim’s history visible and highlighted to other agents. This tool does not contain any standard data that could be aggregated or provided either internally or externally.

At present the department refers the claimant to the Kickstart Scheme vacancy and the claimant will decide whether or not to apply. We pass the claimant’s name on to the employer so they can expect an application.

At this stage we do not disclose to the employer information about a claimant’s disability. Our Work Coaches will support claimants as they go through their application, and maintain a relationship with them whilst they are on the programme to help the Young Person get the most from their placement.

The department is currently considering how to collect and aggregate sensitive information from Universal Credit claimants. Our intention is to deliver tailored support, ensuring our services are accessible and responsive to claimants’ needs, as well as monitoring the experience of specific cohorts so we can make improvements and where appropriate.

As part of the Kickstart evaluation we are planning, as part of a representative two-wave longitudinal study, to record whether participants have a disability.

**9. What targets and forecasts for the inclusion of disabled people, if any, were set out in the business case for the Kickstart programme? When you publish the eventual evaluation of Kickstart, as you have already committed to doing, will you include a specific evaluation of how the scheme has worked for disabled people?**

The government will be monitoring and evaluating the Kickstart Scheme throughout its implementation, and will continue to evaluate the longer term outcomes and impact for Kickstart participants after they have completed their six-month job placements.

This will involve a range of qualitative and quantitative methods, with the qualitative assessment providing early feedback on quality and delivery. As part of the planned quantitative research we will include information on whether participants have a disability.

Where feasible to do so, results will be disaggregated and reported to show outcomes and effects for different groups within the wider Kickstart population, including by disability, ethnicity and gender. The department also holds management information on whether a participant receives a disability-related benefit. Evaluation results will be published in line with official protocols for government social research and statistics.

#### **10. When will you publish the KPMG review of the effectiveness of Access to Work in increasing work participation?**

The 2016 KPMG report was part of policy advice to ministers to inform future development of the service. The report considered the following:

- customer service, areas for improvement;
- expanding the reach of Access to Work;
- the provision of a modern digital service; and
- new ways of raising awareness of the scheme to support disabled people as they transition or move into or within employment.

The report was not intended for publication but has informed subsequent developments of Access to Work including: the online claims process; expansion of the Mental Health Support Service; the growth of support for young disabled people and those with learning disabilities, in particular through supported internships; and process and communication improvements.

#### **Disability Confident**

#### **11. Is the Department taking steps to monitor whether Disability Confident scheme members are complying with the law, particularly around disability equality? What steps are taken against a scheme member that repeatedly breaches equalities legislation?**

It is not within the scope of the scheme for DWP to monitor whether Disability Confident (DC) members are complying with the law, particularly around disability equality (it would be the role of a tribunal/county court to decide if the law is being adhered to, if challenged). The aim and purpose of the voluntary DC scheme is to provide employers with best practice criteria that they can measure their policies and procedures against. The scheme sets out clear best practice criteria and supports the employer through the process by also providing practical tools, videos, material and resources to help employers attract, recruit, retain and progress disabled people in work.

## **Bereavement Support**

**12. When will the Government provide a response to the report by the previous Work and Pensions Committee, which was published in October 2019?**

**13. You said that you would be able to update the Committee about the progress the Department has made on the support for cohabitants with dependent children. At present, people who are cohabiting would not be eligible for bereavement support payments. Please can you let us know what progress has been made, what changes are planned, and when any changes will be implemented?**

**14. Why has it taken so long to reply to the recommendations from the previous Committee, and to respond to two court judgments?**

We are aware that we still need to respond to the report by the previous Work and Pensions Committee. I am pleased to say that it is our intention to take forward a Remedial Order to extend eligibility to Widowed Parents Allowance and Bereavement Support Payment to cohabitants with children following the judgments in the McLaughlin and Jackson cases. This will remove incompatibilities with ECHR from the legislation governing these two benefits and it will be possible to make changes retrospectively. The Order will also be subject to detailed consultation and Parliamentary Scrutiny before it becomes law. More detail will be set out in the Remedial Order, which will be laid before the House in due course.

## **Safeguarding**

**15. In her letter of 28 September, the Secretary of State repeatedly said that DWP does not have a statutory safeguarding duty to claimants. Has the Department previously had a statutory safeguarding duty to claimants? If so, when did this cease to be the case?**

The Department has never had a statutory safeguarding duty, and the Courts have not created a DWP safeguarding duty through case law. However, the Department recognises that its work provides a unique opportunity to help vulnerable customers access support and advice relevant to many areas of their lives. As you will know from the Secretary of State's previous correspondence, we are committed to a broad portfolio of work to ensure that vulnerable customers can access support for issues such as domestic violence, debt and homelessness from state agencies that have the relevant expertise to assist. We are determined that our engagement with customers always takes account of their personal circumstances when administering their benefits entitlement.

**16. If DWP did have a statutory duty of care now, how would that change your approach to the way you treat vulnerable and potentially vulnerable claimants?**

The Department continues to look at new ways we can better serve vulnerable customers – whether in revising guidance for frontline staff, or further developing our Senior Safeguarding Leader roles. We believe this is the best way to place the needs of vulnerable customers at the heart of what we do.

## **Universal Credit Advance fraud recovery**

**17. Please can you let the Committee know how successful you have been in recovering the potential £221m of Advances fraud identified in the NAO report? We would be grateful for an analysis with a similar level of detail to that presented in the NAO report, including the total value of fraudulent Advance payments recovered, the number of cases fully investigated and the value of fraud identified, the number still to be fully investigated and their expected value, and number of cases closed because the Department did not have sufficient evidence.**

We expect to recover Advances through the various means open to us, which include deductions from benefit and Direct Earnings Attachments. If an individual has been the victim of a scam or had their identity stolen, and has not benefited in any way, then they will not be asked to repay anything. DWP considers all cases on their own merits; decisions are made on the strength of the evidence provided

Allegations of Advances fraud has been an issue and we are working hard to resolve cases and recover monies. Gathering meaningful data on these matters will inevitably take time and resource, which is currently at a premium, but this is something we are working on. We aim to publish additional information on Advances recovery in our 2020/21 Annual Report and Accounts.

**18. Should the Department be deducting amounts from people's salary before establishing whether the individual was a victim of fraud? What checks do you complete to ensure that you don't initiate salary deductions on somebody who was a victim of these fraudulent applications?**

The Department has an established process for the handling the recovery of overpayments from an individual's salary and before any deductions commence, the customer is given the opportunity to contact the Department to discuss their debt and to notify the Department if they think that they have been a victim of fraud.

Before any deductions are taken the Department will write to the customer and request they contact us to discuss repayment of their debt. If the customer fails to respond to the letter, then a second letter is issued to notify the customer that the Department will commence Direct Earnings Attachment proceedings. It is only where the customer fails to respond to either of these letters that the Department will commence deductions from salaries.

On 24 June 2020, DWP launched a new process for claimants who allege the fraudulent making of a Universal Credit claim. In brief, where a customer reports that they have been notified of a debt (or are having a debt collected from them) for a claim they never made, the agent will make a referral to the Stolen Identity Team. The team will look into the case and contact the claimant before making a decision on whether – on balance – it looks like a potential 'hijacked identity' case, in which case we would suspend debt recovery pending any fraud investigation.

**19. In her letter to the Committee on 20 July, the Secretary of State said that the Department was looking at cases of suspected "ID Hijack" and was reviewing each of these cases on its own merit. Please can you tell the Committee how many such cases you have investigated since then, how many**

**are waiting to be investigated, and how long an investigation of such a case usually takes?**

At the peak of the pandemic, over 6,000 fraud and debt colleagues were redeployed to help pay claimants in need of our support. Whilst we retained our Serious and Organised Crime teams (as part of our new Integrated Risk and Intelligence Service) and resourced a new and very effective Enhanced Checking Service, this has meant that we have a backlog of cases to work through.

Returning staff are now working on these Advances cases, and dependent on the offence, are clearing referrals via a revised warning letter. However, this is not always an appropriate response and it will take some time to clear every case.

You will be aware that we had to suspend our face to face interviews during the pandemic, including Interviews Under Caution (IUC). We recently restarted IUCs on a limited basis, but this has been impacted by new Covid lockdown restrictions. As a result, (and with Serious and Organised Crime teams also looking at certain suspicions cases) it is not possible at this stage to forecast when all the investigations will be completed.

**20. At the session you mentioned that one way of recovering fraudulent Advance payments would be through deductions against eventual State Pension payments. Is this how you expect to recover some of these debts? How long is that predicted to take, and what will the administrative cost be of pursuing these debts for such a long time? How many people are currently facing State Pension deductions to pay off debts, of any type, to DWP?**

The Department has a long established process for the recovery of debt by ongoing deductions from benefit, which includes recovery via deduction from State Pension and we expect that some fraudulent Advances will be recovered in this way. Deductions are taken at a standard rate, which for State Pension is set at one third of the rate of benefit. Where an income related benefit is also in payment, recovery will be restricted to the appropriate income related rate. As with benefit debt, a claimant can ask for the rate to be reconsidered if they are experiencing hardship.

Deductions can only be taken from State Pension for a limited and specific number of reasons. As stated on 12 November 2020 (in our response to your Parliamentary Question) 17,215 claimants are currently having deductions made from their State Pension in respect of benefit overpayments or repayment of outstanding Social Fund loans.

**21. Please can you provide your forecasts on when the value of Advances owed to DWP at the end of the last financial year, around £1bn according to your 2019-20 accounts, is likely to be recovered, and how you expect the recovery to occur? Is the £1bn value of Advances already reduced through an impairment, to reflect the value that you actually expect to be able to get back?**

We expect to recover Advances through the various means open to us, which include deductions from benefit and Direct Earnings Attachments. We aim to publish additional information on Advances recovery in our 2020/21 Annual Report and Accounts.

## **Guaranteed Minimum Pension**

**22. The Department has still not responded to the PHSO report from September 2019, despite the Ombudsman's request for a response within three months. When will you respond to the PHSO? When the Department does respond to the PHSO, please can you share a copy of that response with the Committee promptly?**

**23. Why did it take you so long—some 11 months—to send the PHSO report to the Committee?**

The Parliamentary and Health Service Ombudsman (PHSO) provided the Department with their final report on this matter in September 2019. The report concerned the way the Department had corresponded with two individuals about "GMP Indexation" – the way in which the additional State Pension could, in certain circumstances, have the effect of price protecting Guaranteed Minimum Pensions (part of someone's private pension). GMP indexation ended for new pensioners as a consequence of the introduction of the new State Pension on 6 April 2016.

PHSO made five recommendations in their report and asked that the Department report back to them within 3 months on the action we intended to take to meet the recommendations.

The Department wrote to PHSO on the 10 December 2019 saying that it had met two of the five recommendations by apologising to the complainants and paying them compensation of £500 and £750 respectively. We outlined our thinking on a way forward but asked for an extension until 29 February 2020 until we could confirm this with DWP Ministers after the December General Election.

The Department subsequently wrote to PHSO on 27 February 2020 outlining our approach of developing a fact sheet to be published on GOV.UK to meet two further recommendations and, to meet the final recommendation, were able to confirm that DWP Ministers were content that their reports were shared with the Work and Pensions Select Committee.

The development of the fact sheet was undertaken by DWP communications together with policy and digital experts. The approval and clearance process for the fact sheet was delayed as a result of coronavirus response work in March and April, but a draft was provided to PHSO on 21 April 2020.

PHSO provided DWP with comments on the fact sheet on 13 July 2020 and a revised fact sheet was sent to them on 8 August 2020. PHSO provided further comments on 9 November (the Committee were copied into this letter from Amanda Amroliwala).

As you know, in my response to your letter on 11 August 2020, we provided the Committee with a copy of the fact sheet. We also took the opportunity to provide the Committee with copies of the Ombudsman's reports – our original intention was to provide a finalised fact sheet alongside the Committee sighting these reports.



We are now working through the Ombudsman's comments of 9 November on the fact sheet and looking at the practicalities of conducting some user testing of the fact sheet which the Ombudsman suggested in the same letter.

We will provide you and PHSO with a revised fact sheet and the outcome of the user testing proposal as quickly as possible.

I hope you and the Committee find the above useful.

*Your sincerely*  
*Peter Schofield*

Peter Schofield CB



## Work and Pensions Committee

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From the Chair

Peter Schofield CB  
Permanent Secretary  
Department for Work and Pensions

4 November 2020

Dear Peter,

Thank you to you and your colleagues for appearing before the Committee on 21 October. We discussed a wide range of topics during the session, and I would like to follow up on some of the things that we discussed.

### **Number of work Coaches**

The labour market changes brought about by the pandemic are stark. According to the Office for National Statistics (ONS), the unemployment rate for June to August 2020 was 4.5%. This represents an increase of 0.4% over the previous three months and meant that 1.5 million people were unemployed. Job vacancies were also 40% down on the equivalent figures a year ago, despite record increases in vacancies as lockdown restrictions were lifted a few months back.

The Committee welcomes the acknowledgement from your Department that more Work Coaches will be required to support a growing caseload of claimants, and to help them back to work, but we have some questions about how you decided on the number of Work Coaches that would be needed and the timeline for getting the Work Coaches in place.

- 1. John Paul Marks, the DWP Director General for Work and Health Services, told us that the highest number of claimants a Work Coach currently works with is around 200, in parts of London. We also heard that pre-Covid, the average number of claimants per Work Coach was 125 and that DWP hopes to bring it back down to these levels. What is the ideal number of claimants a Work Coach would be expected to work with?**
- 2. The full business case forecast for Universal Credit was to have 280 claimants in the intensive work search category per Work Coach in 2024-25. In June 2020 the NAO said that this forecast had not been changed. Is this high number of claimants per Work Coach still the plan, or do you intend to update this?**

### **Jobcentre capacity**

During the pandemic, many face-to-face services that DWP usually offers were suspended. As we adjust to life during the pandemic, and the rapid labour market changes that the pandemic is bringing, the Department has acknowledged that it will need an increased number of sites so it can operate effectively, while maintaining

social distancing. The challenges your Department faces in maintaining safe workplaces were highlighted at the end of August, when a Health and Safety Executive inspector reported significant Covid-related failings at a DWP office in Leeds.

Debbie Alder, DWP's Director General for People and Capability, said that the next waves of work coach recruitment would require further estate, and that the Department would be making use of "repurposed estate and new estate". She said that there are multiple sites which are being repurposed, and that two are expected to "be online" in November.

- 3. Where are the two sites that you expect to have repurposed into Jobcentres in November, and when will they open?**
- 4. What scale of change in DWP's Jobcentre estate are you planning for? In April 2019, you released data showing there to be 638 Jobcentre sites in a "register of DWP Jobcentres". How many sites do you have now, how many do you plan to have, and what is the timeline for achieving this?**
- 5. When will you be able to tell claimants what the new estate means for them? When will you be in a position to list the boroughs or towns in which a new Jobcentre will be opened?**

### **Government job support and disabled people**

The previous Committee heard evidence in early 2019 about the absence of appropriate data collection for the job support scheme for young people: the Youth Obligation. The Committee found that the Department simply wasn't collecting even the most basic data about the scheme.

After the Government announced its "plan for jobs", including the new Kickstart scheme, a coalition of charities recommended that the take up of the Government's schemes should be tracked so that the Government knows how many young people with disabilities are accessing this support. When the Committee asked if the Department was collecting data on whether participants in Kickstart have a disability, you were not able to answer

Access to Work is a scheme for disabled people or people with long-term health conditions who are in work. It is also open to people about to start employment or self-employment, and funds adjustments that disabled people need to do their jobs, including costs for physical adjustments or for support workers. Access to Work is paid as a grant, and employers may be asked to "cost share" some awards. The Department told the previous Committee that it had commissioned KPMG to explore how Access to Work was helping to increase work participation, but that research has not yet been published.

- 6. Will you collect data on whether participants in Kickstart have a disability?**
- 7. You said to the Committee that information about any needs a claimant has are recorded within Universal Credit and so the information will be available, but the NAO has said that the pinned notes system in Universal**

**Credit makes it hard to aggregate data about claimants. Will the system allow you to collect aggregate level data on disability?**

- 8. How will you ensure that any requirements noted for an individual in the pinned notes system are appropriately communicated to employers, and that employers act on these?**
- 9. What targets and forecasts for the inclusion of disabled people, if any, were set out in the business case for the Kickstart programme? When you publish the eventual evaluation of Kickstart, as you have already committed to doing, will you include a specific evaluation of how the scheme has worked for disabled people?**
- 10. When will you publish the KPMG review of the effectiveness of Access to Work in increasing work participation?**

### **Disability Confident**

Disability Confident is a membership scheme DWP operates for employers. It aims to get more disabled people into employment, and to reduce the employment gap between disabled and non-disabled people, by supporting employers to make the most of the talents disabled people can bring to their workplace. In April to June 2020, the disability employment gap was 28.1 percentage points

- 11. Is the Department taking steps to monitor whether Disability Confident scheme members are complying with the law, particularly around disability equality? What steps are taken against a scheme member that repeatedly breaches equalities legislation?**

### **Bereavement Support**

In October 2019, the previous Work and Pensions Committee published its report into Bereavement Support Payments, but the Government is yet to provide a response to this report.

Bereavement support payments are payments made to people who have lost their partner. People can receive a higher amount of money where the couple have a dependent child. In March, the High Court in England found that the conditions for Bereavement Support Payment are incompatible with human rights law, because payments are not made to bereaved partners who were living with but not married to, or in a civil partnership with, their partner.

The High Court finding echoes that of the previous Committee's report on the topic, which concluded that extending bereavement support to cohabitants would be "the right thing to do", as well as an earlier judgment from the Supreme Court on Widowed Parent's Allowance, an older scheme for bereaved parents

- 12. When will the Government provide a response to the report by the previous Work and Pensions Committee, which was published in October 2019?**

**13. You said that you would be able to update the Committee about the progress the Department has made on the support for cohabitants with dependent children. At present, people who are cohabiting would not be eligible for bereavement support payments. Please can you let us know what progress has been made, what changes are planned, and when any changes will be implemented?**

**14. Why has it taken so long to reply to the recommendations from the previous Committee, and to respond to two court judgments?**

### **Safeguarding**

The Committee is pleased that your Department has made some changes to improve the safeguarding of vulnerable claimants, and we believe that some of the improvements discussed at the previous Committee sessions are good first steps.

**15. In her letter of 28 September, the Secretary of State repeatedly said that DWP does not have a statutory safeguarding duty to claimants. Has the Department previously had a statutory safeguarding duty to claimants? If so, when did this cease to be the case?**

**16. If DWP did have a statutory duty of care now, how would that change your approach to the way you treat vulnerable and potentially vulnerable claimants?**

### **Universal Credit Advance fraud recovery**

The Committee is concerned about the level of fraud in Universal Credit, and in particular in Advance payments. We would like to know more about your ability to recover these debts. In February of this year, the NAO said that there had been up to £221m of Universal Credit Advance fraud between June 2018 and December 2019. The report also said that "The Department could not tell us how many fraudulent advances are already being repaid or how quickly it will reclaim all the fraudulent advances".

We have heard news reports of people having their identity stolen to make fraudulent Universal Credit Advance claims. In some of these cases, the victim of the fraud has had money deducted from their salary to repay the Advance amount to DWP. Somebody in my own East Ham constituency has also had this very problem. My constituent only found out about the problem when an unexplained deduction was made from his salary in October 2019. I wrote to the department on his behalf in December 2019, and was assured that the deductions would stop, but the department then changed its mind and continued deducting £250 from his £1,675 pay packet until April. He had to borrow from friends and family to survive. Over a year since deductions began, the matter is still being investigated, and he has had no reimbursement.

The Committee appreciated the confirmation from the Secretary of State that the Department would not recover debts from people who had no involvement in a

fraudulent benefit claim, but we are shocked to hear that deductions from salary can seemingly commence before the involvement of an individual has been determined.

- 17. Please can you let the Committee know how successful you have been in recovering the potential £221m of Advances fraud identified in the NAO report? We would be grateful for an analysis with a similar level of detail to that presented in the NAO report, including the total value of fraudulent Advance payments recovered, the number of cases fully investigated and the value of fraud identified, the number still to be fully investigated and their expected value, and number of cases closed because the Department did not have sufficient evidence.**
- 18. Should the Department be deducting amounts from people's salary before establishing whether the individual was a victim of fraud? What checks do you complete to ensure that you don't initiate salary deductions on somebody who was a victim of these fraudulent applications?**
- 19. In her letter to the Committee on 20 July, the Secretary of State said that the Department was looking at cases of suspected "ID Hijack" and was reviewing each of these cases on its own merit. Please can you tell the Committee how many such cases you have investigated since then, how many are waiting to be investigated, and how long an investigation of such a case usually takes?**
- 20. At the session you mentioned that one way of recovering fraudulent Advance payments would be through deductions against eventual State Pension payments. Is this how you expect to recover some of these debts? How long is that predicted to take, and what will the administrative cost be of pursuing these debts for such a long time? How many people are currently facing State Pension deductions to pay off debts, of any type, to DWP?**
- 21. Please can you provide your forecasts on when the value of Advances owed to DWP at the end of the last financial year, around £1bn according to your 2019-20 accounts, is likely to be recovered, and how you expect the recovery to occur? Is the £1bn value of Advances already reduced through an impairment, to reflect the value that you actually expect to be able to get back?**

## **Guaranteed Minimum Pension**

For people reaching State Pension age before April 2016, the State Pension had two tiers. One tier was based on an entitlement built up through National Insurance contributions. The other tier, the "additional State Pension", was partly earnings related.

It had previously been possible to “contract-out” of the additional State Pension into another pension scheme that meets certain criteria. Between 1978 and 1997, contracted-out schemes were required to provide a Guaranteed Minimum Pension (GMP) and to adjust GMP rights accrued between 1988 and 1997, in line with prices and subject to a 3% cap. Companies were not required to grow the GMP accrued between 1978 and 1987 in line with inflation. Before the new State Pension was introduced in 2016, the government topped up GMPs to ensure they were always worth as much as if someone had been in the state pension. When the new state pension was introduced, contracting out and the state second pension were scrapped.

In a report from September 2019, the Parliamentary and Health Service Ombudsman found the Department guilty of maladministration over the impact of State Pension reforms on those with a Guaranteed Minimum Pension (GMP). The PHSO’s report found that DWP failed to make its external communications clear and that “there were some individuals who might financially lose out over the long term from the transition of the second state pension to the new State Pension – specifically in relation to the ending of indexation in relation to the second state pension/GMP.”

The report also concluded that there is an injustice to members of the public, who were not aware of the possible negative impacts of the removal of the second state pension and its relationship with GMP.

**22. The Department has still not responded to the PHSO report from September 2019, despite the Ombudsman’s request for a response within three months. When will you respond to the PHSO? When the Department does respond to the PHSO, please can you share a copy of that response with the Committee promptly?**

**23. Why did it take you so long—some 11 months—to send the PHSO report to the Committee?**

The Committee would appreciate a response by 20 November.

Yours sincerely,



**Rt Hon Stephen Timms MP**  
Chair, Work and Pensions Committee