Public Accounts Committee

Peter Schofield CB
Permanent Secretary
Department for Work & Pensions
Caxton House
Tothill Street
London SW1H 9NA

By email

20 March 2024

Treasury Minute response – DWP Annual Report & Accounts 2022-23

Dear Permanent Secretary

Thank you for your response to the Committee's report on *The Department for Work & Pensions Annual Report & Accounts 2022-23*.

I am grateful for your commitments across a wide range of areas. In particular, your agreement to report your counter-fraud savings and forecast to the same the level of detail as the C&AG's report. I was pleased that you have begun to work with HMRC to provide assurance over the integrity of the National Insurance records. I look forward to hearing what progress you have made in correcting State Pension underpayments relating to Home Responsibilities Protection in due course.

However, the Committee and I were concerned by three parts of your response:

- Recommendation 1a (not accepted): You disagreed with the Committee's recommendation that you need to substantially reduce the level of fraud and error in benefit spending. This is a marked change in your position compared with only a few months ago. You told us previously that you believe the propensity to commit fraud in society is rising by 5% each year. But you have not said before now that you believe this trend will prevent you from meaningfully reducing the level of fraud and error in benefit spending. I would appreciate a fuller explanation of your reasoning for this change in position.
- Recommendation 1c (not accepted): You disagreed with the Committee's recommendation that you should explain any variance between the official fraud and error statistics and your assumption that the propensity to commit fraud in society will rise by 5% each year. You say that it is not possible to identify what proportion of change in the statistics is specifically due to an increase in the propensity to commit fraud. However, it is reasonable to ask for a variance analysis of the 2023-24 fraud and error statistics against your forecast and that you use this to evaluate your key modelling assumptions. Please can you commit to doing this variance analysis as part of your performance report for the Annual Report & Accounts.
- Recommendation 6 (not accepted): You disagreed with the Committee's recommendation that you report some key metrics about the impact of data analytics and machine learning on claimants. You said that doing would risk compromising your ability to tackle fraud by revealing details about your techniques that could be exploited by fraudsters. I am not convinced that this is inevitable. For example, you could publish high-level figures, such as

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the numbers of people with delayed or reduced claims, without revealing any detail about how your machine learning models deal with specific types of claimant.

I would be grateful if you could provide me with further information on how you will address these concerns by 19 April 2024.

I am copying this letter to the Treasury Officer of Accounts and to the Comptroller & Auditor General.

Yours Sincerely

Meg Hillier

Dame Meg Hillier
Chair of the Committee of Public Accounts

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