



Department  
for Work &  
Pensions

Alison McGovern MP  
Minister for Employment  
Department for Work and Pensions  
Caxton House  
Tothill Street  
London  
SW1H 9NA

[www.dwp.gov.uk](http://www.dwp.gov.uk)

Lord Bridges of Headley MBE  
Chair, Lords Economic Affairs Committee  
House of Lords  
London  
SW1A 0PW  
Sent electronically only

12 December 2024

### **Economic Inactivity: welfare and long-term sickness**

Dear Lord Bridges,

Thank you for inviting me to discuss economic inactivity with you last week. I am grateful for the Committee's ongoing interest in the benefit system and long-term sickness.

I promised to follow-up on a few points of detail. I hope this information is helpful and I would be happy to provide further information if required.

#### **1. When will DWP data on the drivers of the increase in long-term sickness be published?**

Departmental analysts are undertaking some modelling to estimate the contribution of various drivers to the increase in incapacity benefits take up. This will include demographics, changes in State Pension Age and the contribution of various structural changes arising from the replacement of six benefits with Universal Credit. Some work has already been done on this, but there are some more factors which we are able to model and need to include. We will also ensure the data is robustly quality assured to the level that makes it appropriate to publish. Additionally, we will be engaging external academics with an interest in this area to advise on our approach. I will share the analysis with the Committee as soon as I am able to.

#### **2. What is the proportion of people that are inactive moving into long term sickness and those that are active moving into long-term sickness?**

Each year between 2014 and 2023, there were on average 539,000 people in economic inactivity due to long-term sickness at the end of the year who were not there a year earlier. Of these, 27% were previously employed, 14% unemployed and 59% were already inactive for another reason. Figures can be found in [the employment of disabled people 2024 supplementary table FLW008](#).

The vast majority (86%) of the moves into inactivity due to long-term sickness were from people who had already reported having a long-term health condition. This varied between those who were previously employed (82% had a long-term health condition), unemployed (85%) or economically inactive for another reason (87%). Figures can be found in [the employment of disabled people 2024 supplementary table FLW009](#).

### **3. What data does DWP have on the effectiveness of the Work Capability Assessment?**

The goal of the WCA is to determine whether a claimant has limited capability for work, and if so, whether they have limited capability for work-related activity. As such it is difficult to establish the 'effectiveness' of the assessment with data, due to the lack of an independent objective source that would prove the decision to be correct. If one were established, it would suffer the same issue.

The best data method we have of establishing the effectiveness is the published data on the extent to which initial decisions are changed at mandatory reconsideration or appeal, although this could be the result of additional information being provided by the claimant, a change in their conditions between the initial decision and later stages of the process, or small differences in judgement by different decision makers based on the same evidence.

The following chart shows the customer journey for ESA claimants, which is published<sup>[1]</sup>; equivalent data for Universal Credit health is under development (currently available data for UC does not distinguish between WCA and other reasons for requesting a mandatory reconsideration or appeal).

The chart covers a ten-year period to the end of 2023. The associated data tables provide a time-series of outcomes, and there has been considerable change over time. In particular, from 2018 new claims to ESA were confined to contributory (or 'new style' ESA), with means-tested claimants now claiming UC health. Given the different characteristics of the two groups, it is probable that the rate of dispute for UC WCAs is different to that for ESA now.

For ESA, the proportion of decisions overturned at mandatory reconsideration or appeal was around 4-5% for claims starting between 2013 and 2017. It has fallen to around 1-1.5% for those starting between 2019 and 2023 (some claims at the latter end of this period may not have completed the full disputes process).

## Numbers of all WCAs, MRs and appeals at stages in customer journey from October 2013 to December 2023

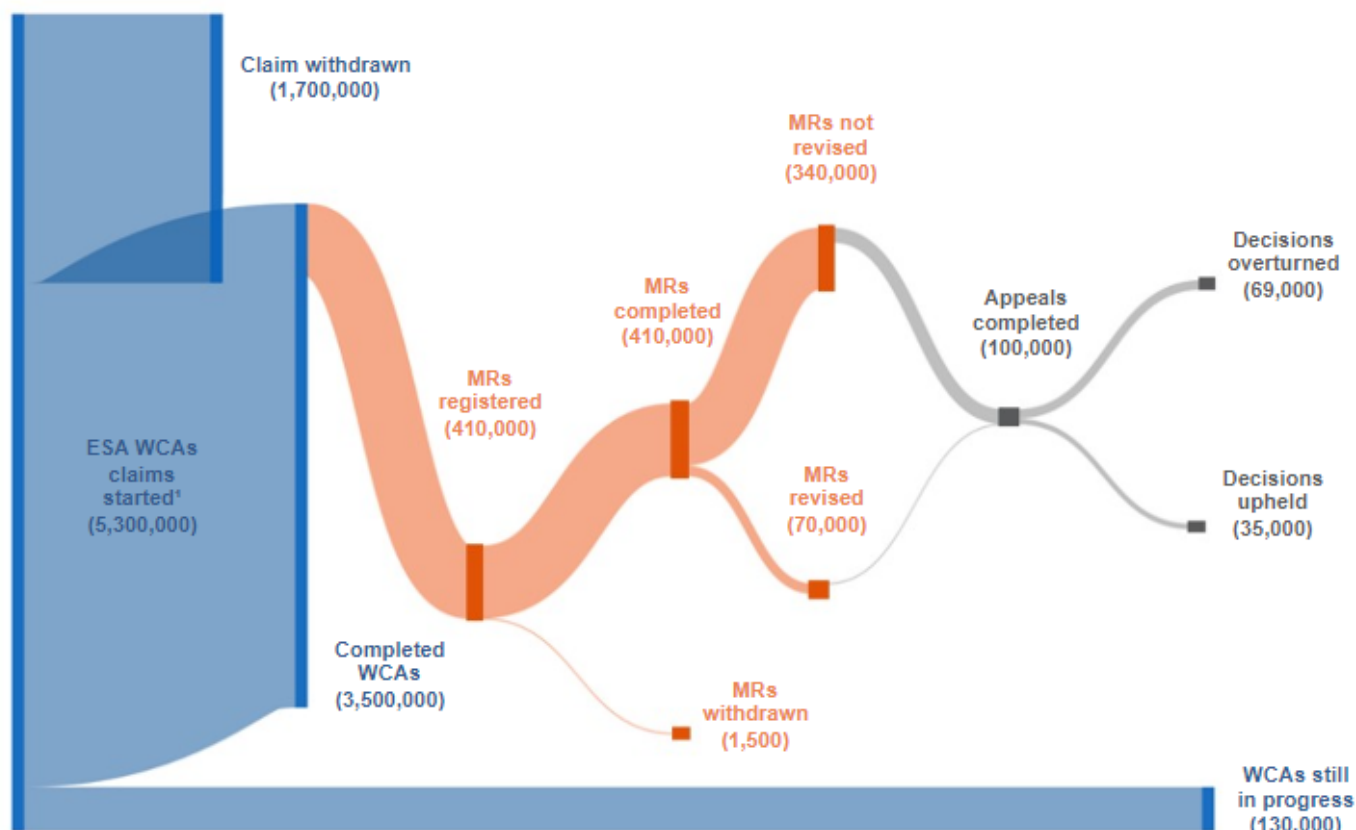


Figure 1: Sankey diagram showing the ESA WCA, MR and appeal process for claims starting October 2013 to December 2024

Source: [Data tables: ESA WCA experimental cohort statistics for initial and repeat ESA assessments, by period of claim start, October 2013 to December 2023](#)

#### 4. Please provide the list of DWP research reports.

The list of reports published on 7 October is at Annex A.

The reports can be found at the following links: [DWP research reports - GOV.UK](#) and [DWP ad hoc research - GOV.UK](#). In addition, the analytical annex to the Get Britain Working white paper can be accessed here: [Get Britain Working White Paper - GOV.UK](#).

#### 5. What KPIs are the department setting for the private providers and what KPIs are used by the private providers in monitoring their own assessors?

The Department closely monitors private providers, holding them to account for performance using a range of Target Performance Levels (TPLs). Each Functional Assessment Service (FAS) contract consists of over 60 TPLs and covers the key areas such as quality of assessments, customer service, end-to-end clearance times and special end-of-life rules (each one containing several measures).

One example of a TPL is that to ensure that suppliers keep cancellations to a minimum and customers are seen on time for their appointments, the Department monitors the number of assessments cancelled by suppliers within two hours of their appointed start date. The supplier must not exceed 2% cancellations within two hours to meet the target.

Another feature of the governance, the Department hold monthly senior level performance meetings with the FAS suppliers to review actual performance against the more than 60 TPLs covering a range of assessment channels including face to face, video, telephone and paper-based reviews.

In addition to departmental monitoring, the FAS suppliers also use performance indicators to manage the performance of assessors. While the volume of assessment is an important metric, assessors are also evaluated on the quality of their reports and claimant feedback. To assure ourselves, the Department also independently reviews a sample of the FAS suppliers' assessment reports to determine if they meet the criteria and quality set out in the PIPAG or WCA handbook. Feedback is given to individual assessors on the standard of the report and where required, further learning and support is introduced.

**6. Do you have an assessment of how many Work Coaches would be needed to reduce inactivity, both the backlog and to prevent new claimants moving into the long-term sick population?**

An estimate on what level of total resources would be required to deal with inactivity is not yet available, but it is worth noting this challenge has many facets, including improving health problems, and will require more than work coaches. The department is completing a review of Jobcentre Activity early in the New Year so that we can better align work coach activity with departmental priorities.

I look forward to continuing to work together in the future.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Alison McGovern'.

**Alison McGovern MP**  
**Minister for Employment**

## Annex A

The reports can be found at the following links: [DWP research reports - GOV.UK](#) and [DWP ad hoc research - GOV.UK](#).

List of reports published on 7 October:

1. [A health, social and economic profile of ESA recipients: Adult Psychiatric Morbidity Survey 2014](#)
2. [Childcare choices for parents working atypical hours](#)
3. [Jobcentre co-location research: qualitative study](#)
4. [Effective contracting of employment and health services: evidence review](#)
5. [Impacts of external debt for indebted Universal Credit claimants](#)
6. [Not Started and Unfinished Claims to Universal Credit \(UC Hesitancy Research\)](#)
7. [Pension Credit 'Invitation to Claim' Trial](#)
8. [Qualitative research with working people exploring decisions about work and care](#)
9. [Self-Employed Tax Credit Claimants Research](#)
10. [Separated Parents without a financial Child Maintenance arrangement: Qualitative Research](#)
11. [Specialism in the Health Assessment: Initial Exploratory Research](#)
12. [Understanding the Behavioural Response to the Universal Credit support offer](#)
13. [Universal Credit childcare costs support research](#)
14. [Universal Credit Full Service 12 Months Plus](#)

There are 16 that have been added to the [DWP research reports collection - GOV.UK](#) ([www.gov.uk](http://www.gov.uk)):

1. [Applying Behavioural Insights to Green Pensions](#)
2. [Attitudes and Awareness before State Pension age](#)
3. [Barriers to Accessing Health Support for PIP, NS ESA, and UC Claimants](#)
4. [Experiences of PIP applicants who received zero points at assessment](#)
5. [Exploratory qualitative research into the early experiences of the Minimum Income Floor \(MIF\)](#)
6. [Health Assessment Channels Research](#)
7. [International evidence review on in-work progression](#)
8. [Kickstart Scheme: A Quantitative Impact Assessment](#)
9. [Lessons on Pensions Engagement](#)
10. [Reducing Parental Conflict programme 2022 to 2025 – Local Grant evaluation: Interim report](#)
11. [Review of international and private sector evidence on the effectiveness of digitising services](#)
12. [Take up and use of the Universal Credit Advance Payment](#)
13. [The Impact of Fluctuating Health Conditions on Assessment](#)
14. [Universal Credit and the patterns of rent balances in the Social Rented Sector: Social Research/Rent Analysis](#)
15. [Universal Credit Full Service Omnibus Survey findings](#)
16. [Youth Offer process evaluation](#)