



National Audit Office



REPORT

DWP customer service

Department for Work & Pensions

SESSION 2024-25
HC 127

Key facts

11.8%

increase in the number of benefit claimants from May 2019 to May 2023, equivalent to 2.4 million people

£3.4bn

combined operating cost in 2023-24 of the Department for Work & Pensions' (DWP's) two service delivery groups, whose work includes customer service activities

83%

proportion of surveyed customers who were very or fairly satisfied with the service they received from DWP in 2022-23, against DWP's benchmark for good performance of 85%

93%

proportion of State Pension customers who were satisfied in 2022-23, compared with 77% of Personal Independence Payment (PIP) customers

72%

proportion of new benefit claims that DWP processed on time in 2023-24, compared with 77% in 2019-20

52%

proportion of new PIP claims processed on time in 2023-24, compared with 96% of new State Pension claims

76%

proportion of calls to DWP's in-house telephone lines that were answered in 2023-24 (17.3 million calls), compared with 94% of calls to outsourced telephone lines (19.4 million calls)

43%

estimated proportion of customer call time, on DWP's in-house lines for eight benefits in 2022-23, that DWP identified as avoidable, for example if it improved its processes or communications

£680.4 million

DWP's 2023 estimate of the net undiscounted benefit of its Service Modernisation Programme from 2022-23 to 2032-33

Summary

1 The Department for Work & Pensions (DWP) makes benefit and pension payments to more than 20 million people across Great Britain, to support them through life events, such as being out of work or retirement, or disability. In 2023-24, it spent £268.5 billion on these payments plus £7.3 billion on running costs. Some of DWP's customers are vulnerable or have complex needs, due to poverty, age, health problems and disabilities. The quality of customer service that DWP provides matters because claimants rely on benefit income to avoid or mitigate financial hardship. Poor service can have a range of detrimental impacts, including frustration, distress and disruption for customers, and additional cost for DWP.

2 Responsibility for customer service work is spread across DWP. Parts of the organisation involved in this activity include around 630 jobcentres that mainly deal with customers face to face and 70 'back-of-house' sites whose work includes processing claims and handling more complex customer queries by telephone. DWP outsources part of its telephony services to private providers who operate two call centre hubs that handle more straightforward customer queries.

3 The DWP staff involved in customer service carry out a range of activities that include processing claims and dealing with calls from customers. They work within DWP's two service delivery groups, which had a combined operating cost of £3.4 billion in 2023-24.

Focus of our report

4 This report examines whether DWP has an effective approach to customer service. The evaluative criteria we used to assess value for money included whether DWP:

- has a clear framework for monitoring customer service, such as clear objectives, measures and performance reporting;
- has provided good customer service over recent years in relation to four key areas – satisfaction, payment accuracy, payment timeliness and telephony. We examined performance overall and for four individual benefits to explore variation; and
- has clear plans for improving customer service.

5 The report covers DWP's: approach to monitoring customer service (Part One); customer service performance (Part Two); and plans for improving customer service (Part Three). Details of our audit approach are set out in Appendix One.

Key findings

DWP's approach to customer service

6 DWP's customer base is growing, with the number of people claiming benefits and State Pension rising by 2.4 million since 2019 because of a range of economic and societal factors. The number of people receiving benefit and pension payments in Great Britain rose from 20.3 million in May 2019 to 22.7 million in May 2023, an increase of 11.8%. The growth in demand was mainly for Universal Credit (UC), with a rapid rise in claimants during the COVID-19 pandemic in particular, and for Personal Independence Payment (PIP), reflecting the growing number of people with long-term health problems and disabilities. DWP expects the demand for benefits to continue to grow, with its caseload projected to increase by 12% from 29.0 million in 2022-23 to 32.5 million in 2025-26 (paragraphs 1.3 to 1.6 and Figure 1).

7 DWP has an objective to deliver high-quality services and monitors performance using three key measures – customer satisfaction, payment accuracy and payment timeliness. DWP's outcome delivery plan for 2023 to 2025 includes an objective to deliver high-quality services. Although DWP has not defined what it means by 'high quality', it publishes a summary of performance against the three key measures in its annual report and accounts. Internally, DWP also monitors telephony performance, such as the proportion of calls answered, although it does not report on it publicly. DWP's customer charter, which was published in 2013, set out four high-level principles for its service to customers: the right treatment, getting decisions right, keeping customers informed, and providing easy access to services. DWP previously used its customer experience survey to assess performance against the charter. It told us its ongoing monitoring is not specifically aligned to the charter principles as it has adjusted the survey to focus on what its research identified as the main factors that drive customer satisfaction, many of which are reflected in the charter (paragraphs 1.18, 1.19, 2.4, 2.15, 2.21 and 2.25).

8 DWP has published little information on the standard of service that customers can expect, increasing the likelihood of customer queries and greater pressure on its services. DWP has not published details of its performance standards, for example for payment timeliness, and does not consistently tell customers upfront what they can expect in areas such as claim-processing or call-waiting times. It told us it is planning to make more use of text messages to update customers, but noted that providing up-to-date information is not straightforward because of the range and complexity of its services. DWP's limited transparency about service standards increases the likelihood of customers calling for progress updates and reassurance. DWP recognises that some of the workload of its telephony services is 'avoidable contact' – calls that could be avoided or reduced if DWP improved its processes or communications. It analysed calls to in-house telephone lines for eight benefits and estimated that 31.6 million minutes of customer call time for these benefits were avoidable in 2022-23. This represented 43% of call time on these lines. Improving customer service and thereby reducing avoidable contact could help DWP become more efficient – for example, by reducing the resource it needs to devote to dealing with progress-chasing calls (paragraphs 1.20 to 1.23).

9 DWP has been improving its arrangements for monitoring customer service across the organisation. DWP devotes time and effort to monitoring and reporting performance, including at senior levels. There are regular performance discussions at all levels within the two service delivery groups, and the service delivery executive team reports to DWP's overall executive team on performance against its outcome delivery plan. DWP has approved performance frameworks and key performance indicator definitions setting out what it would like to measure for all its major benefits, although implementation is hindered by what it can measure using its current data and IT systems. DWP has been working towards an organisation-wide outcomes-based performance framework, to help it use the right data more efficiently (paragraphs 1.24 to 1.26 and Figure 3).

DWP's customer service performance

10 Since 2020-21, DWP has fallen slightly short of its benchmark for good performance, which is for 85% of customers to be satisfied with the service they received. DWP measures satisfaction using its quarterly customer experience survey. In 2020-21, DWP recorded its highest satisfaction score, with 88% of surveyed customers very or fairly satisfied with the service received. DWP attributes this performance to customers welcoming changes it made to streamline processes during the COVID-19 pandemic. In the following two years, DWP fell slightly short of its benchmark, with 83% of customers being very or fairly satisfied in 2022-23. Customer satisfaction varies between benefits – for example, in 2022-23, 93% of State Pension claimants were satisfied compared with 77% of PIP claimants. DWP could make more use of the survey data to generate deeper insights into how customer characteristics, experiences and perceptions affect satisfaction, and to explore common reasons why on average 16% of customers are dissatisfied. Our exploratory analysis of the survey data for 2022-23 indicated significant variations in customer satisfaction by age, disability, education, ethnicity and working status (paragraphs 2.2 and 2.5 to 2.10 and Figures 4 and 5).

11 Payment accuracy has declined, meaning some customers have not received the right amount of benefit each month. Being paid the right amount matters to customers, and DWP has a responsibility to protect public funds and make payments in line with people's entitlement. Overpayments can leave claimants with significant debts which they may find difficult to pay back. During the COVID-19 pandemic, DWP introduced easements across the benefit system to help it to handle the large increase in new claims. It accepted that these changes and the increased caseload would lead to an increase in fraud and error. The overpayment rate fell once DWP reintroduced the controls it had removed but remains well above pre-pandemic levels: in 2023-24, an estimated 3.7% of benefit expenditure was overpaid (£9.7 billion), compared with 2.4% in 2019-20. UC had the highest rate of overpayments (12.4%, £6.5 billion). In 2023-24, claimants received an estimated 1.6% (£4.2 billion) less than they were entitled to due to unfulfilled eligibility and official error. Levels of unfulfilled eligibility were highest for disability benefits – 11.1% (£750 million) for Disability Living Allowance and 4.0% for PIP (£870 million) (paragraphs 2.6, 2.12 and 2.16 to 2.18 and Figure 6).

12 DWP's payment timeliness improved during the COVID-19 pandemic but has fallen since then, with 72% of new claims processed on time in 2023-24. A failure to process claims and pay benefits in a timely way means claimants wait longer for money they are entitled to, making it more difficult for them to manage their finances effectively. DWP has a series of timeliness measures and performance standards for different benefits, reflecting the varying nature and complexity of each benefit. It uses the percentage of new claims processed within planned timescales as a headline measure of payment timeliness. In 2020-21, DWP's performance increased to 82%, as it prioritised processing high volumes of claims quickly so people did not face financial hardship during the pandemic. Performance varies significantly between benefits. For example, in 2023-24, 52% of new PIP claims were processed within the expected timeframe of 75 working days, against the standard of 75%. In contrast, 96% of new State Pension claims were processed within the expected timeframe of 10 working days, against the standard of 85% (paragraphs 2.19 to 2.23 and Figure 7).

13 Since 2020-21, DWP's in-house telephone lines have not met their performance standard for answering customer calls, although its outsourced providers have performed better. Unanswered calls and long waiting times are a source of frustration and stress for customers, and costly in terms of time spent on the line, although they are not charged for calling.

- Taking its in-house and outsourced lines together, DWP answered 85% of calls (36.7 million calls) in 2023-24.
- DWP aims to answer 85% of calls to its in-house lines. In 2020-21, it answered 86% of calls, exceeding the standard. Performance has fallen since then, dropping to 76% in 2023-24 – 17.3 million calls were answered and 5.3 million calls were abandoned after customers had joined a queue. Calls may be abandoned because customers hang up as they receive the information they need from a pre-recorded message while they are waiting, or due to long waiting times. In 2023-24, the average time DWP took to answer calls to its in-house lines was 15 minutes and 23 seconds.
- In calculating the percentage of calls answered, DWP excludes calls which were not assigned to a queue because the queues were full (blocked calls) or for other reasons such as customers calling just before lines closed at the end of the day (deflected calls). In 2023-24, 10% of calls to DWP's in-house lines were blocked and 4% were deflected. Including these 3.6 million calls in the calculation would reduce the proportion of calls answered in 2023-24 to 66%.
- DWP expects 90% of calls to outsourced providers to be answered. Since 2020-21, the performance of outsourced providers has improved and they exceeded the standard in the two most recent years. In 2023-24, they answered 94% of calls – 19.4 million calls were answered with 1.2 million calls abandoned. Including blocked and deflected calls in the calculation would reduce the proportion of calls answered by only 0.7%.
- In addition to the various performance measures, we looked at how long in total DWP customers spend waiting to speak to an agent on the telephone, as an indicator of the overall impact on the public. We estimate that in 2023-24 DWP customers spent the equivalent of 753 years waiting for their calls to be answered. This comprised 652 years waiting on DWP's in-house lines and 102 years on its outsourced lines. These numbers do not sum to 753 due to rounding (paragraphs 2.24 to 2.32 and Figures 8 and 9).

14 DWP faces significant challenges that affect the level of customer service it provides and how easily it can make improvements in the short term. Alongside the growing number of claimants and changing customer expectations (such as a desire for more digital options), DWP faces a challenging internal operating environment. For example, it has some outdated legacy IT systems which are inefficient to use, and its systems do not provide an integrated view of all the information it holds on a customer. It also faces a range of workforce challenges – for example, it finds it difficult to retain staff in critical frontline roles, such as work coaches and case managers who deal directly with customers. In addition, the complexity of the benefit system makes it harder for DWP to use its staff flexibly, as it takes time to train staff in the different rules and processes for each benefit. DWP's challenges are not unique, however, and there is an opportunity for it to collaborate with, and learn from, other customer-facing government bodies about what approaches to improving customer service have and have not worked (paragraphs 1.17, 2.33 and 2.34).

DWP's plans for improving customer service

15 In 2022, DWP set out a vision to be a customer-focused organisation, but it has not made clear how it is tracking progress or what success would look like. DWP's business strategy provides the overarching framework for how it wants to transform its services, with multiple other long-term strategies focusing on customer experience specifically and on enabling areas such as data and digital. DWP has set out a wide range of potential benefits from its plans to transform its services, such as access to 'self-service' options and smoother 'customer journeys'. However, it has not set out how it is monitoring progress in improving customer experience or how it will demonstrate that it has achieved its vision to be a customer-focused organisation. (paragraphs 3.2 to 3.7 and Figure 10).

16 DWP's customer experience strategy has introduced some positive changes, but its success depends on influencing multiple teams across the organisation. The aim of the customer experience strategy is to improve customers' experience of DWP's services by 2025 and beyond. In spring 2024, DWP assessed that most of its improvement activities were on track. It had made progress in areas such as developing guidance for staff on communicating with customers, and enhancing performance reporting by including metrics on customer experience. It has more work to do in areas such as setting out its strategy for meeting the needs of customers at risk of harm, and establishing the use of real-time customer feedback. A challenge for the customer experience team is that operational pressures may make elements of the strategy less of a priority for the multiple other teams that it is seeking to influence (paragraphs 3.7 to 3.9).

17 DWP's Service Modernisation Programme (SMP) is critical to implementing the changes needed to transform services for customers. The SMP is an 11-year organisation-wide programme, running to 2033. DWP expects the SMP to achieve a better experience for customers; lower operating costs and higher productivity; fewer manual errors; and fewer serious case failures. DWP set out high-level objectives in the programme's business case and has been tracking progress, initially by using measures focused on financial and staffing savings. In 2023, it agreed a set of wider performance measures. At the time of our work, it was collecting data to monitor performance against these measures and was in the process of finalising the measures. DWP has made mixed progress in delivering a number of cross-cutting initiatives which have the potential to transform how customers interact with its services. For example, a 'conversational platform', whereby customers interact with a virtual telephone agent, was successfully tested with some UC customers from November 2023, while a 'customer view' application that will enable customers to view and update their own information has been delayed due to unexpected complexity around updating the legacy systems and a subsequent resequencing of delivery (paragraphs 3.10 to 3.13 and Figure 11).

18 The scale and complexity of the SMP means delivery involves significant risk. In 2023, DWP estimated that from 2022-23 to 2032-33 the SMP would cost £312.1 million and would produce a net undiscounted benefit of £680.4 million. DWP's 2023 accounting officer assessment highlighted the challenges of managing multiple interdependencies, the scale and nature of the desired change, and achieving the necessary cultural changes. In March 2024, the Infrastructure and Projects Authority (IPA) awarded the programme an 'amber' delivery confidence rating, meaning that delivery appears feasible but significant issues exist, requiring management attention. The IPA was positive about DWP senior leadership's support for the programme and the programme team's capability. It highlighted, however, that there was not yet consensus among DWP senior leadership about the future design and the pace of transformation that should be adopted, and the associated organisational risk appetite (paragraphs 3.14 to 3.18).

Conclusion on value for money

19 DWP has a responsibility to provide good customer service, not least because its customers cannot switch to an alternative welfare provider if they are unhappy with the service they receive. Its customers include some of the most vulnerable in society, who rely on DWP for the accurate and timely payment of the benefits to which they are entitled.

20 Faced with growing demand and a challenging operational context, DWP's customer service has fallen short of the expected standards over recent years, particularly for certain benefits, such as PIP. It is generally not meeting its performance benchmarks or standards for customer satisfaction, payment timeliness and answering calls to its in-house telephone lines. There are some areas of strong performance with, for example, the proportion of State Pension customers satisfied with the service they receive consistently above DWP's benchmark of 85%, and UC performing well on payment timeliness and telephony. But there are also areas of poor performance, in particular payment timeliness for PIP with only 52% of claims processed in line with the 75-day standard in 2023-24 – although this represents a considerable improvement compared with previous years.

21 DWP recognises that it needs to transform its services to be a customer-focused organisation. Its modernisation plans are based on a good understanding of the issues that need to be addressed and are necessarily ambitious. However, the scale and complexity of the plans mean delivery is risky, and DWP is unlikely to achieve in the short term the improvements that are needed. DWP must now set out how it will assess whether its actions to improve customer service are working and how it will track progress towards its goals. This will provide assurance on value for money and help DWP keep its plans on track so that it can consistently provide a good service to those people who rely on it.

Recommendations

- 22** To improve its customer service, DWP should:
- a** review the effectiveness of how it communicates claim-processing and call-waiting times to customers, and identify how it can provide fuller and more up-to-date information, at the point of claim and during other key interactions, so customers are informed about the level of service they can expect;
 - b** publish comprehensive reports which bring together annual performance, trends over time and whether it has exceeded or fallen short of its standards for its main customer service measures (customer satisfaction, payment accuracy, payment timeliness and telephony);
 - c** build its evidence base on the scale and type of avoidable customer contact, and develop a plan to improve its processes and communications in order to reduce avoidable contact and realise efficiency savings;
 - d** take action to improve customer service in light of the results of its customer experience survey and follow-up qualitative research, particularly on the reasons for dissatisfaction;
 - e** use its insights on the areas that customers prioritise to develop measurable objectives for its customer service improvement plans, including defining what success looks like and how progress will be assessed; and
 - f** further develop key performance indicators for the Service Modernisation Programme.