



National Audit Office

An Overview of the
**Department for
Work & Pensions**
for the new Parliament 2023-24

October 2024

OVERVIEW

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1 Introduction to the National Audit Office

Welcome to our Overview for the New Parliament: Department for Work & Pensions 2023-24, part of our series of Overviews for the New Parliament, covering government departments and cross-cutting issues.

The National Audit Office (NAO) is the UK's independent public spending watchdog and is responsible for scrutinising public spending for Parliament. We audit the financial accounts of all departments, executive agencies, arm's-length bodies, some companies and charities, and other public bodies. We also examine and report on the value for money of how public money has been spent.

The NAO is independent of government and the civil service. The NAO's wide remit and unique access rights enables us to investigate whether taxpayers' money is being spent in line with Parliament's intention and to respond to concerns where value for money may be at risk.

We support all Members of Parliament to hold government to account and we use our insights to help those who manage and govern public bodies to improve public services. In 2023, the NAO's work led to a positive financial impact through reduced costs, improved service delivery, or other benefits to citizens, of £1.59 billion.

We are funded by, and accountable to, Parliament. As an Officer of the House of Commons, I am committed to ensuring that we support you and your staff in your work as a Member of Parliament, and your scrutiny of public spending and performance.

Our dedicated Parliamentary team can offer you support and put you in touch with our experts on subjects of interest to you and your constituents. If you would like more information about our work, or to arrange a briefing with me or one of my teams, please contact our Parliamentary Relations team at parliament@nao.org.uk.



Gareth Davies

COMPTROLLER & AUDITOR GENERAL
NATIONAL AUDIT OFFICE

Gareth Davies was appointed Comptroller & Auditor General (C&AG) in June 2019. He was appointed by the Monarch, following the approval of the House of Commons.

The C&AG has statutory authority to examine and to report directly to Parliament on whether government departments and other public sector bodies have spent taxpayers' money in the way Parliament intended. The C&AG and his staff are totally independent of government.

Gareth is a Fellow of the Chartered Institute of Public Finance and Accountancy and a Fellow of the Institute of Chartered Accountants in England and Wales. He is a non-executive Board member of the INTOSAI Development Initiative (IDI), which supports Supreme Audit Institutions (SAIs) in developing countries to sustainably enhance their performance and capacity.

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2 How the NAO can help you as a Member of Parliament

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How we support Parliament

We produce reports:

- on the annual accounts of government departments and their agencies;
- on the economy, efficiency and effectiveness with which government has spent public money; and
- to establish the facts where there are concerns about public spending issues.

We do not question government policy objectives. We look at how government has spent money delivering those policies and if that money has been used in the best way to achieve the intended outcome.

What we can offer

Through our website or our Parliamentary Relations team, MPs, peers and staff can:

- request a personal briefing on areas of our work that are of interest to them;
- sign up to receive embargoed copies of our reports on subjects of interest;
- make general queries about public spending, or raise concerns with us about value for money; and
- request advice on understanding and scrutinising departments' annual reports and accounts.

Resources available on our website

- **Reports:** Reviews of public spending and how well government is delivering.
- **Insights:** Learning and best practice to help people across government and the wider public sector.
- **Overviews:** Factual overviews of government departments, sectors and services.
- **Work in progress:** Our schedule of future publications.
- **Briefings:** Background information and factual analysis to support Select Committees.

Keep up to date with our work

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How to get in touch

- Via our Parliamentary email inbox: parliament@nao.org.uk.



Auditing the accounts of all government departments and public organisations, helping assure money is being spent the way Parliament intended



Reporting to Parliament on the value for money of how public money has been spent and what has been achieved



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Providing briefings to you or a member of your team on our work



Providing advice and training on examining government departments' annual reports and accounts



Giving evidence to Select Committees



Our fortnightly newsletter with our latest reports and new work



You can write to us with any queries or concerns about the misuse of public money or behaviour in public bodies we audit

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This report has been produced to provide an introduction to the Department for Work & Pensions (DWP) and the NAO's examination of its spending and performance. **It is intended to support the Work and Pensions Committee and Members across the House in their examination of DWP.**

It summarises the key information and insights that can be gained from our examinations of DWP and related bodies in the sector and from DWP's Annual Report and Accounts. DWP spent nearly **£276 billion in 2023-24** to deliver welfare, pensions and child maintenance policy.

The overview includes information on:

- the role of DWP and how it is structured;
- where DWP spends its money;
- staff and pay;
- DWP's major programmes;
- findings from recent NAO work; and
- things to look out for.

This report updates our previous report, [Departmental Overview 2022-23](#), published in December 2023.

How we have prepared this report

The information in this report draws on the findings and recommendations from our financial audit and value for money work, and from publicly available sources, including the annual report and accounts of DWP and its bodies.

We have cited these sources throughout the guide to enable readers to seek further information if required. Where analysis has been taken directly from our value-for-money or other reports, details of our audit approach can be found in the Appendix of each report, including any evaluative criteria and the evidence base used.

Other analysis in the guide has been directly drawn from publicly available data and includes the relevant source as well as any appropriate notes to help the reader understand our analysis.

Other relevant publications

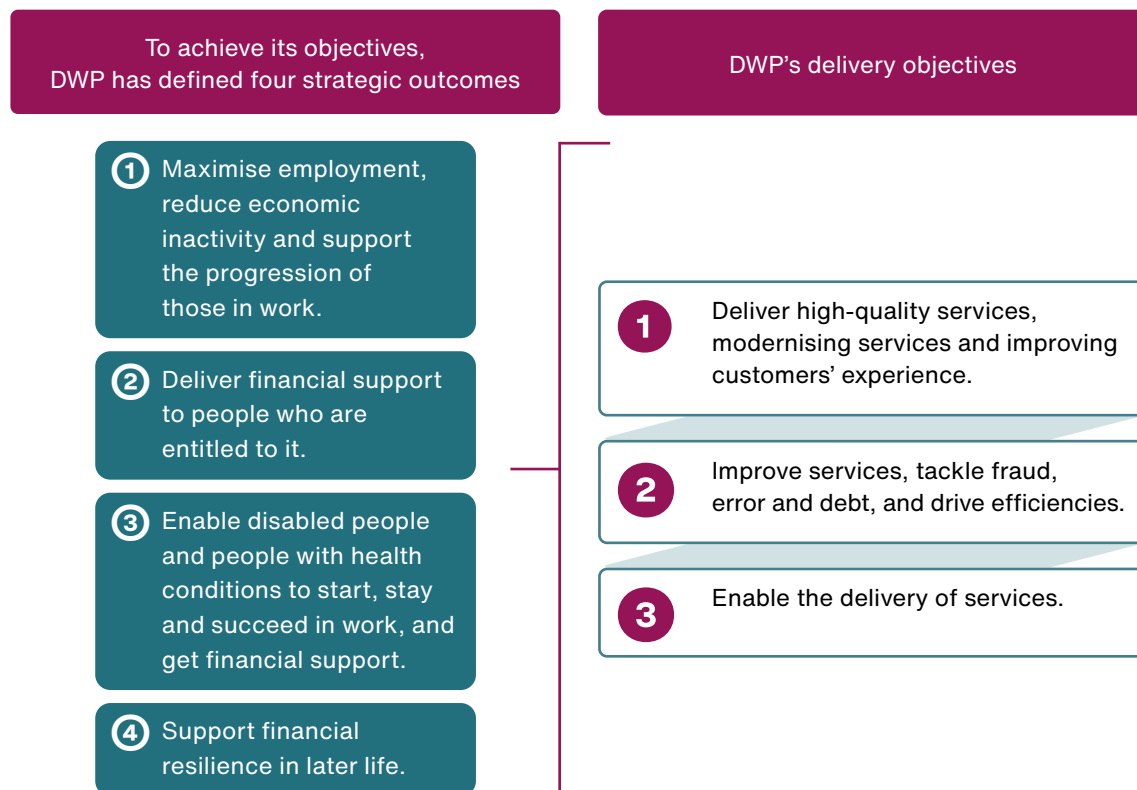
More information about our work on DWP, as well as information about our other recent and upcoming reports can be found on the [NAO website](#).



4 The Department for Work & Pensions

The Department for Work & Pensions (DWP) is responsible for the delivery of welfare, pensions and child maintenance policy. It aims to improve people's day-to-day lives and help them build financial resilience and a more secure and prosperous future.

Department for Work & Pensions (DWP) strategic outcomes and delivery objectives, 2023 to 2025



DWP administers working-age, retirement, disability and ill-health benefits to more than 20 million claimants. It also provides a range of services to support people, with examples including the following:

People seeking employment: The Plan for Jobs delivers employment programmes and initiatives, such as the Restart scheme, to provide people with support to get into work.

Disabled people and people with health conditions: The Work and Health Programme provides support to disabled people, disadvantaged groups and people with health conditions on a voluntary basis. It seeks to tackle barriers to employment by linking up with health and social care providers and other local services.

Children and families: The Child Maintenance Service can arrange child maintenance on behalf of separated parents who may be unable to agree a child maintenance arrangement between themselves.

People planning for, or in, retirement: The Money and Pensions Service (one of DWP's arm's-length bodies) aims to ensure people, particularly those most in need, have access to information and guidance to help them make effective financial decisions.

For a list of DWP's services, see the 'Performance report' section of [Department for Work & Pensions Annual Report and Accounts 2023-24](#).









5 How DWP is structured

DWP is led by the Secretary of State for Work and Pensions, supported by a team of ministers, with the Permanent Secretary as its most senior civil servant.

The departmental group comprises the core department and four consolidated bodies. In 2023-24, the group had an average of 84,000 full-time equivalent (FTE) staff. The departmental family includes the core department, nine public bodies and one pension scheme – the Remploy Pension Scheme Trustees Limited. The core department is managed in groups, each led by a director general, and in 2023-24 was structured as shown in the table.

Notes

- 1 There are two director general roles within the Policy Group: Labour Market Policy and Implementation; and Disability, Health and Pensions Policy.
- 2 DEL stands for Departmental Expenditure Limit and is the amount that government departments have been allocated to spend. In addition to DEL spending, DWP has Annually Managed Expenditure (AME) for benefit expenditure. AME spending is covered on page 8.
- 3 Consolidated bodies that fall within DWP's accounting boundary and are part of the departmental group.

| Core department | | | | | | | |
|---|--|--|---|---|---|--|---|
| Director general groups | | | | | | | |
|  Service Excellence |  Work and Health Services |  Change and Resilience |  Policy ¹ |  Finance |  Digital |  People and Capability |  Corporate Transformation |
| DEL spending in 2023-24 ² | | | | | | | |
| £0.8bn | £2.6bn | £0.7bn | £0.2bn | £2.3bn | £1.0bn | £0.2bn | £1.4bn |
| Areas of responsibility include: | | | | | | | |
| <ul style="list-style-type: none"> Child maintenance services Retirement services Customer experience Service modernisation | <ul style="list-style-type: none"> Operational delivery of Universal Credit Working-age operations Jobcentres Counter fraud, compliance and debt | <ul style="list-style-type: none"> Leadership and delivery of major change projects and programmes Fraud and error | <ul style="list-style-type: none"> Advising ministers on policy and strategic decisions Managing welfare spending | <ul style="list-style-type: none"> Core finance functions including strategy, payment systems, planning and security Contract management and partner delivery | <ul style="list-style-type: none"> Information management and digital, data and business transformation services Running the digital estate, including telephony and web solutions and applications | <ul style="list-style-type: none"> Core HR functions | <ul style="list-style-type: none"> Estates contract management Major transformation programmes such as the Synergy Programme Environmental sustainability strategy |
| Departmental family | | | | | | | |
| The Department for Work & Pensions' four consolidated public bodies had a net expenditure of around £469.0 million in 2023-24 | | | | | | | |
| Public corporations | | Executive non-departmental public bodies | | Tribunal or advisory non-departmental public bodies | | Other | |
| <ul style="list-style-type: none"> Pension Protection Fund National Employment Savings Trust Corporation Office for Nuclear Regulation | <ul style="list-style-type: none"> The Pensions Regulator³ Health and Safety Executive³ Money and Pensions Service³ | <ul style="list-style-type: none"> The Pensions Ombudsman³ Industrial Injuries Advisory Council Social Security Advisory Committee | <ul style="list-style-type: none"> Remploy Pension Scheme Trustees Limited | | | | |

Source: National Audit Office analysis of information from *Department for Work & Pensions Annual Report and Accounts 2023-24*

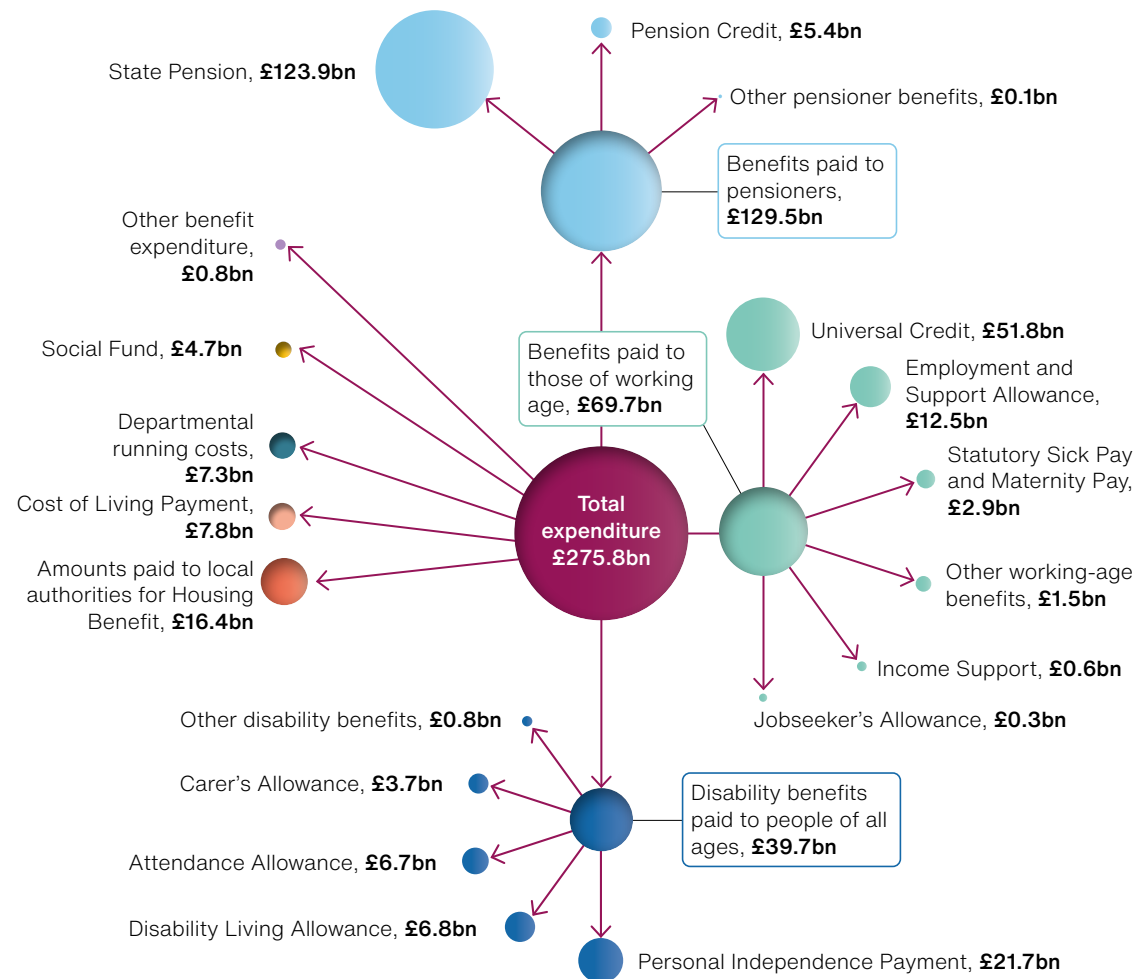
6 Where DWP spends its money

DWP has the largest expenditure of any government department. In 2023-24, its total expenditure was £275.8 billion, an increase of 15% compared with 2022-23 (£240.1 billion). Most of its expenditure relates to benefit payments, which totalled £268.5 billion in 2023-24. Most spending was Annually Managed Expenditure (AME). AME is more difficult to predict or control than Departmental Expenditure Limit (DEL) spending, as it is spent on programmes that are demand-led so is not subject to multi-year spending limits set in government Spending Reviews.

The largest element of DWP's benefit expenditure is paid to individuals of pension age. In 2023-24, State Pension accounted for around 46% (£123.9 billion) of total benefit spending. For people of working-age, the largest element was Universal Credit, which accounted for around 19% (£51.8 billion) of total benefit spending in 2023-24. Disability benefits paid to people of all ages cost £39.7 billion and Housing Benefit cost £16.4 billion in 2023-24.

£7.3 billion of DWP's £9.6 billion DEL related to its running costs. The remainder related to discretionary benefit payments and programme costs. DEL is subject to spending limits set in government Spending Reviews.

Department for Work & Pensions spending 2023-24



Notes

- 1 Other pensioner benefits included the Christmas Bonus.
- 2 Other working-age benefits included employment programmes, bereavement benefits and Maternity Allowance.
- 3 Housing Benefit is administered by local authorities to pensioners and people of working age on behalf of DWP.
- 4 Social Fund Expenditure included £2.6 billion relating to Pensioner Cost of Living Payments paid alongside their Winter Fuel Payment. Including these, DWP made Cost of Living Payments of £10.4 billion.
- 5 Totals may not sum due to rounding.

Source: National Audit Office analysis of data from *Department for Work & Pensions Annual Report and Accounts 2023-24*

7 Staff and pay

In 2023-24, DWP remained the second largest department based on the number of full-time equivalent (FTE) staff, following the Ministry of Justice. DWP's total staff costs rose by 9% from £3.76 billion in 2022-23 to £4.10 billion in 2023-24. DWP expects staff costs to drop slightly in 2024-25.

DWP reduced its FTE workforce by 18% from 2013-14 to 2019-20, before increasing staff numbers by the same amount from 2019-20 to 2020-21. The number of staff rose, mostly through temporary and fixed-term contracts, as DWP managed the increased demand for benefits during the COVID-19 pandemic. As those temporary and fixed-term contracts expired, some but not all staff moved to permanent contracts.

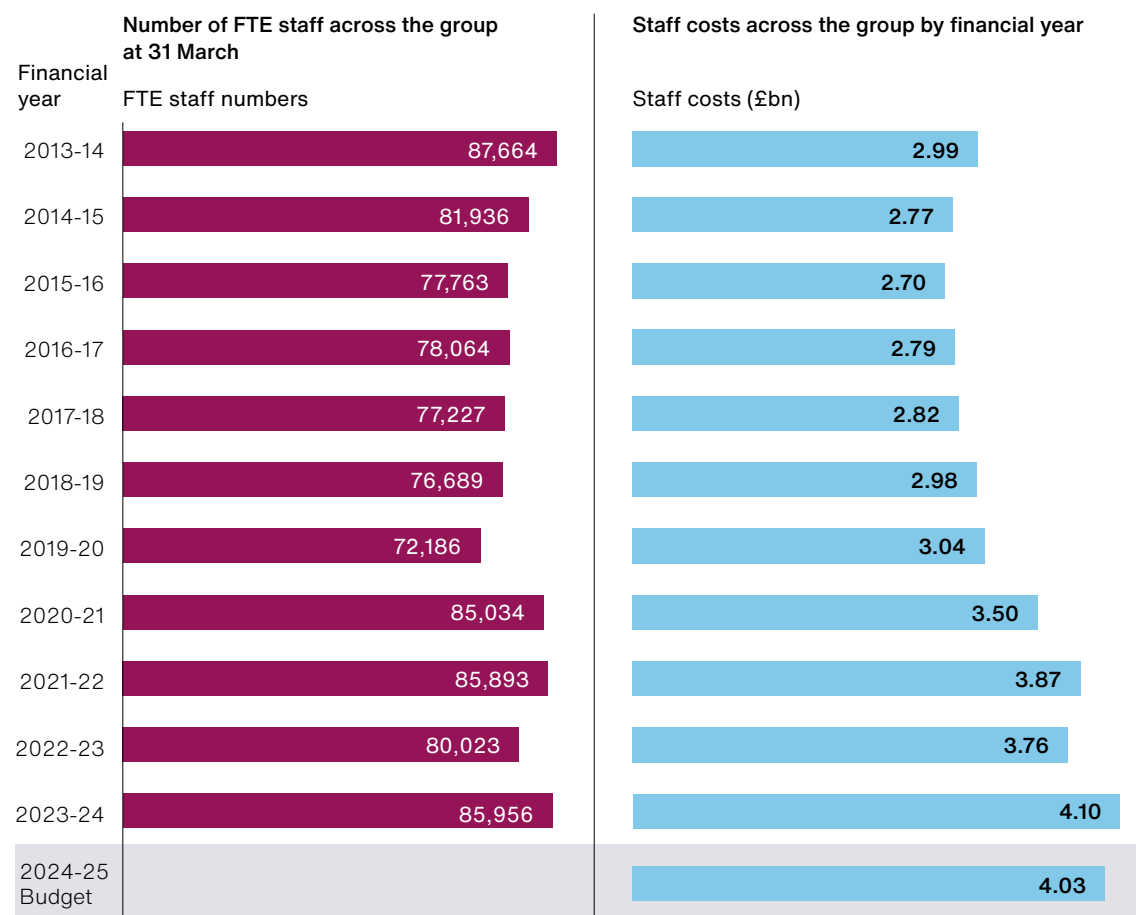
DWP notes that it has continued to operate in a challenging external environment, responding to sustained high levels of demand for its services, cost-of-living pressures and economic uncertainty. These factors, coupled with efforts to build its capacity and capability, meant that in 2023-24 DWP sought to increase its workforce through recruitment. At March 2024, FTE staff numbers were 7% (5,933) higher than they had been a year earlier.

DWP also reports that increased and more complex programmes in 2023-24 led to a shortage of internal specialist expertise in areas such as project management and procurement, resulting in it relying more on consultancy and temporary staff. In 2023-24, DWP spent a total of £193.3 million on consultancy and temporary staff, 11% higher than in 2022-23 (£173.7 million).

Source: Staff numbers from Department for Work & Pensions Workforce Management Information 2023-24 and previous years; staff costs and forecast budget from *Department for Work & Pensions Annual Report and Accounts 2023-24* (based on plans at that time) and previous years

Department for Work & Pensions (DWP) staff numbers and costs, 2013-14 to 2024-25

Across the departmental group, total full-time equivalent (FTE) staff numbers and total staff costs both increased in 2023-24



Section 7: Staff and pay *continued*

Staff diversity

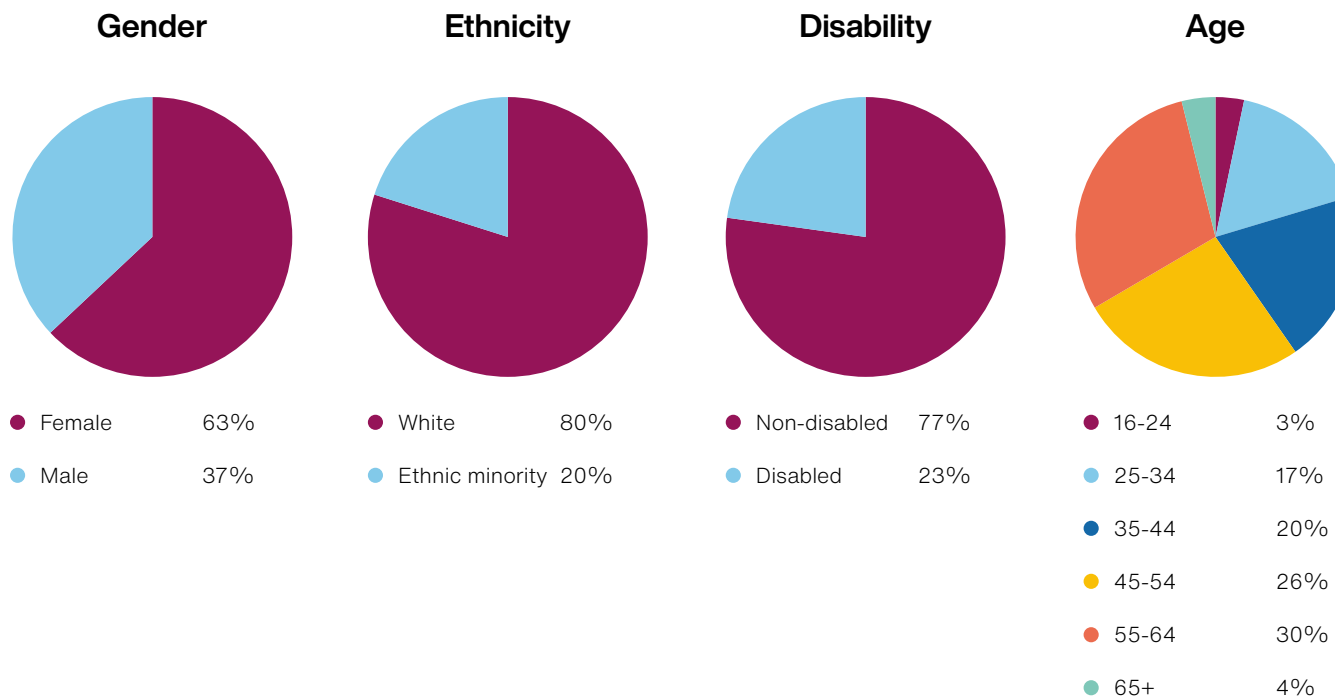
DWP continues to have a diverse workforce compared with the civil service average. In 2018, it set a target that by 2025 it would achieve gender parity of 50% for all newly promoted senior civil servants (SCS), those new to DWP or new to the SCS role within DWP. DWP has since exceeded this target every year. The proportion of SCS roles filled by women rose from 39% in March 2017 to 55% in March 2024.

At March 2024, DWP had a higher percentage of female employees (63%) than the civil service average (55%). It also had the highest proportion of junior staff of all departments, with 78% of staff at executive officer grade and below, compared with the civil service average of 50%.

Overall, ethnic minority representation across DWP grew from 13% in March 2019 to 20% in March 2024, with increases across all grades. This was mainly driven by increases at executive officer grade, where DWP has focused its recruitment activity.

Department for Work & Pensions (DWP) staff demographic characteristics at March 2024

At March 2024, 63% of DWP employees were female



Note

1 DWP encourages individuals to share voluntarily their personal diversity information, but not every member of staff does so. The data for disability and ethnicity include only those staff who have shared their information.

Source: National Audit Office analysis of data from *Department for Work & Pensions Annual Report and Accounts 2023-24*

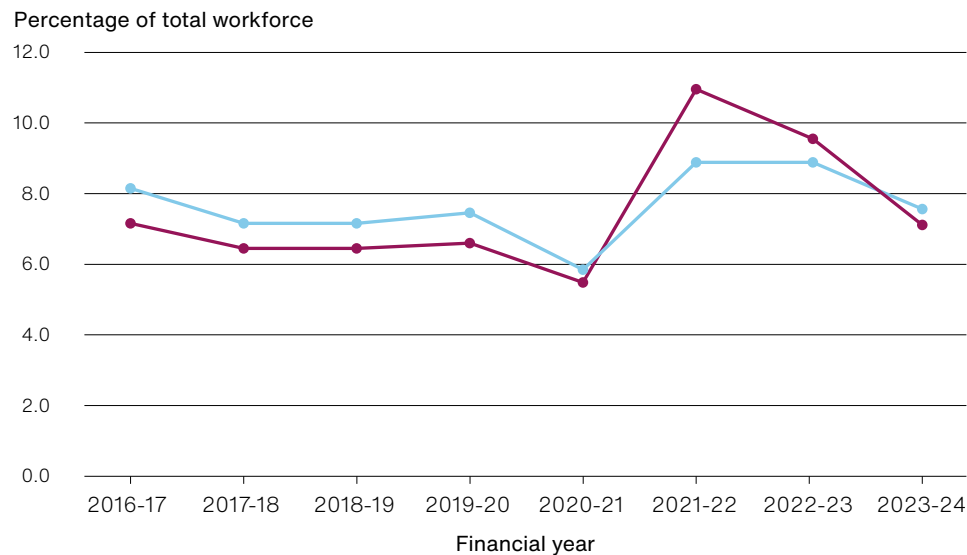
Section 7: Staff and pay *continued*

Staff turnover

DWP's staff turnover was higher than usual in 2021-22 and 2022-23. This increase was driven by the growth during the COVID-19 pandemic in the proportion of staff on temporary and fixed-term contracts, who tend to have a higher turnover rate than permanent staff. Turnover has since gradually returned towards pre-pandemic levels. In 2023-24, DWP's turnover rate was 7.3%, down from 9.6% in 2022-23. This was slightly lower than the civil service average turnover rate, which was 7.5% in 2023-24.

Department for Work & Pensions (DWP) and civil service staff turnover, 2016-17 to 2023-24

DWP's staff turnover rate has gradually declined since 2021-22 and returned to pre-pandemic levels in 2023-24



| | | | | | | | | |
|----------------------------------|-----|-----|-----|-----|-----|------|-----|-----|
| ● Department for Work & Pensions | 7.2 | 6.5 | 6.5 | 6.8 | 5.5 | 11.1 | 9.6 | 7.3 |
| ● Civil service | 8.3 | 7.2 | 7.2 | 7.6 | 5.9 | 8.9 | 8.9 | 7.5 |

Note

1 The graph shows average annual staff turnover, which is the proportion of employees who left during the year, expressed as a percentage of the total workforce in March of each year.

Source: National Audit Office analysis of data from *Department for Work & Pensions Annual Report and Accounts 2023-24* and *Civil Service Statistics: 2024*

8 DWP's major programmes

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DWP has eight programmes in the Government Major Projects Portfolio which comprises government's largest, most innovative and highest-risk projects and programmes.

Six of these programmes are shown in the boxes. DWP also has two other programmes in the Government Major Projects Portfolio:

- Universal Credit (see pages 13 to 15); and
- Pensions Dashboards Programme (see page 16).

Building Safety Regulator

The Building Safety Regulator has been established under the Health and Safety Executive to lead the regulatory regime to protect people and places in all forms of buildings. Its main functions are to regulate higher-risk residential buildings; raise the safety standards of all buildings; and help professionals in design, construction, and building control to improve their competence.

Health Transformation Programme

Through the Health Transformation Programme, DWP is seeking to modernise benefit services for disabled people and people with health conditions. It plans to implement by 2029 a new integrated service for managing health assessments and claims for Personal Independence Payment from application to decision. The programme aims to improve customer experience, build trust in DWP's services and decisions, and create a more efficient service for taxpayers.

Service Modernisation Programme

The Service Modernisation Programme is an 11-year organisation-wide programme, running from 2022-23 to 2032-33. DWP intends that the programme will deliver benefits for customers, staff and taxpayers. The high-level outcomes it is aiming to achieve are a better experience for customers; lower operating costs and higher productivity; fewer manual errors; and fewer serious case failures.

Synergy Programme

DWP is collaborating with the Department for Environment, Food & Rural Affairs, the Home Office and the Ministry of Justice in a cluster as part of the government's Shared Services Strategy. Synergy is a business transformation programme to modernise back-office systems, replacing the current services provided by Shared Services Connected Limited. The programme's aim is to deliver the transformation of corporate services across the four departments, aligning their financial and human resources processes with cross-government best practice.

Universal Support Programme

The Universal Support Programme aims to help disabled people, people with health conditions and people with additional barriers to employment into sustained work. Through the first phase of the programme, DWP planned to be supporting 25,000 people by September 2024, expanding to at least 50,000 people a year from 2025-26. The support may include help with issues like managing health conditions, debt, and navigating any workplace adjustments required to accommodate individual needs.

Workplace Transformation Programme

The Workplace Transformation Programme is a 10-year programme, which started in 2021. It aims to support DWP's ongoing service modernisation work and deliver efficiencies through the implementation of a flexible workplace. The programme focuses on how and where staff work, determining future locations and working practices. DWP's ambition is for a smaller, better and greener estate, in line with the government's aspirations for the public estate.

9 Major programme deep dive: Universal Credit

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In 2010, DWP announced its plans to reform the welfare system by introducing Universal Credit (UC), an integrated benefit to support people in and out of work. UC is replacing six means-tested benefits for working-age people, known as legacy benefits. DWP rolled out UC for new claims nationwide in 2018 and is partway through moving people receiving legacy benefits to UC.

National Audit Office report findings

Overall progress

Our February 2024 report on [Progress in implementing Universal Credit](#) found that, since DWP's business case in 2018, the expected cost of implementing UC had increased by £912 million (45%), but the rise in costs had slowed in recent years. In 2018, DWP had planned to complete the implementation of UC by March 2022. At the time of our report, the date of completion had been delayed by at least six years to 2028.

The number of people claiming UC grew rapidly during the COVID-19 pandemic. In February 2020, 2.9 million people were receiving UC, but from 1 March to 26 May 2020 DWP received 2.4 million new UC claims. As a result of the increase in claims, in 2020-21, 6.0 million people received UC. In August 2023 (the most recent date for which both datasets were available at the time of our report), 5.2 million households were claiming UC, with 2.1 million households remaining on legacy benefits (see page 14).

Impact of Universal Credit

Through UC, DWP aims to encourage more people into work. It has some evidence to indicate that UC is having a sustained positive impact on the labour market based on its evaluations of the short-term impact. The evaluations indicate that new UC claimants are more likely to have been in work in the six months after starting their claim than new Jobseeker's Allowance claimants.

In its updated 2022 business case, DWP concluded that the value for money case for UC remained strong. It estimated that UC would generate £10.4 billion of net benefits a year once fully implemented, with the largest contribution (£6.1 billion) coming from increased employment and the related impact on economic output. We concluded, however, that DWP does not have evidence to demonstrate that UC is achieving the scale of benefits projected in the business case.

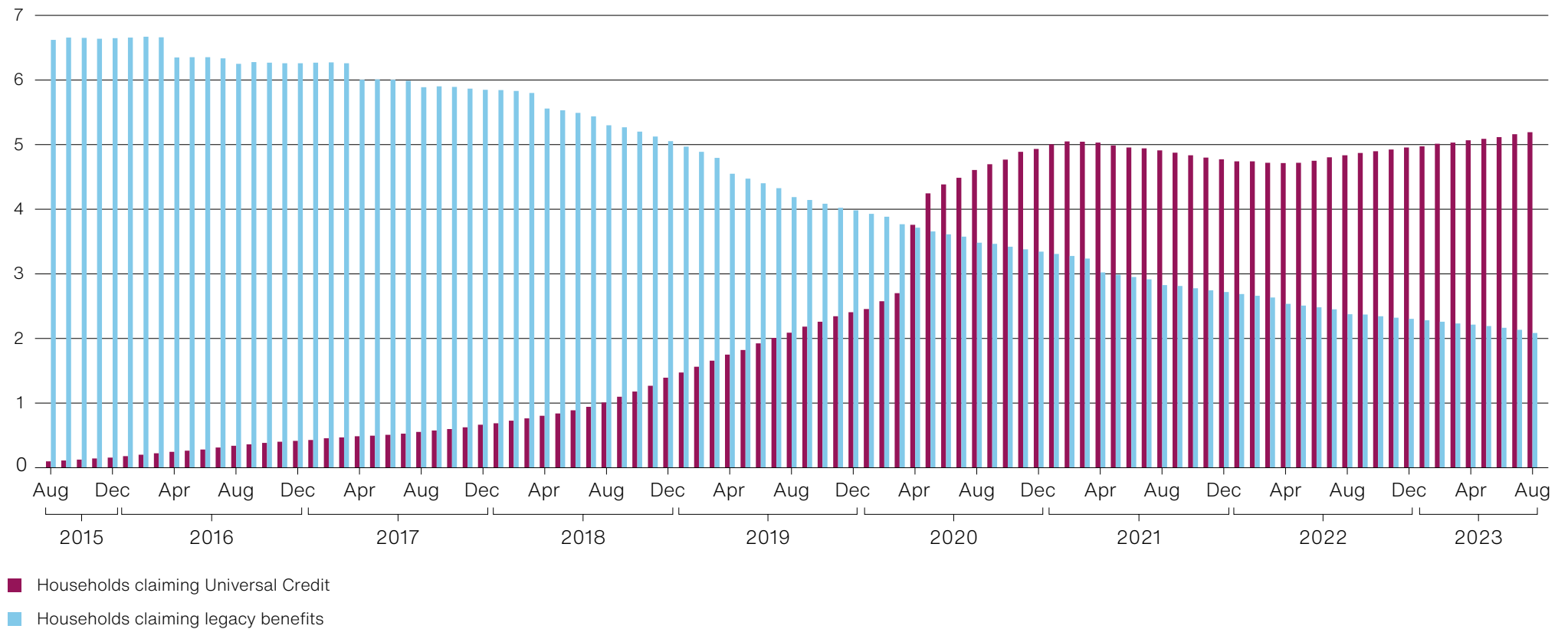


Section 9: Major programme deep dive: Universal Credit *continued*

Number of households claiming legacy benefits and Universal Credit (UC) in Great Britain, August 2015 to August 2023

By the end of August 2023, the number of households claiming legacy benefits had fallen to 2.1 million

Number of households (million)



Note
1 Legacy benefits are Working Tax Credit, Child Tax Credit, Housing Benefit, Income Support, income-based Jobseeker's Allowance, and income-related Employment and Support Allowance.

Source: Comptroller and Auditor General, *Progress in implementing Universal Credit*, Session 2023-24, HC 552, National Audit Office, February 2024 (Figure 5)

Section 9:

Major programme deep dive: Universal Credit *continued*

National Audit Office report findings *continued*

Moving claimants from legacy benefits to Universal Credit

DWP is moving claimants from legacy benefits to UC through a process it calls ‘managed migration’, which it started at scale in April 2023. We found DWP had a clear plan to move around 900,000 households claiming legacy benefits to UC by December 2024, starting with Tax Credit claimants. By December 2023, DWP had informed 346,550 households that they needed to migrate to UC.

At the time of our report, around one in five households on Tax Credits who received a migration notice did not claim UC and had their benefit stopped. At December 2023, 31,500 (21%) of the 148,700 cases closed resulted in the household not claiming UC and having their legacy benefit stopped.

DWP does not fully understand why some people on legacy benefits do not claim UC. In 2022, it commissioned research to understand claimant experiences and determine why some had not moved to UC. This research led to DWP changing its migration process and communications. We concluded that DWP needs more positive assurance that those claimants who do not transfer to UC are receiving the benefits they are entitled to.

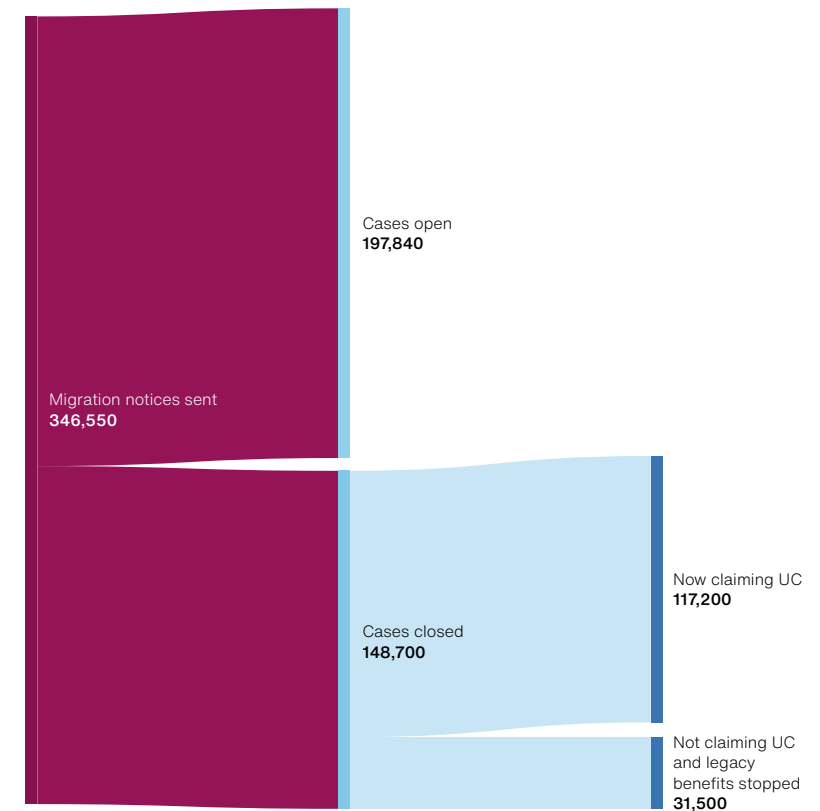
Recent changes to DWP’s plans to move claimants to Universal Credit

At the time of our report, the government had decided to delay the move of income-related Employment and Support Allowance (ESA) claimants to UC until 2028 to save £1 billion in benefit payments over the period 2024-25 to 2027-28. This decision was announced in the 2022 Autumn Statement and was part of the government’s response to the significant economic challenges the country faced at the time. DWP told us that 600,000 ESA claimants would need to migrate to UC in 2028-29.

In May 2024, the government announced that it planned to bring forward migration of ESA claimants to UC. DWP expects to begin contacting people in this group in September 2024, with the aim of notifying everyone needing to make the move by December 2025. As claimants are given three months to apply for UC, this suggests that DWP now plans to finish moving claimants to UC by spring 2026.

Number of migration notices sent to households in Great Britain and outcomes at December 2023

At December 2023, of the 148,700 cases closed, 31,500 households (21%) had not applied for Universal Credit (UC) and their legacy benefit had been stopped



Note

1 Numbers may not sum due to rounding.

Source: Comptroller and Auditor General, *Progress in implementing Universal Credit*, Session 2023-24, HC 552, National Audit Office, February 2024 (Figure 12)

10 Major programme deep dive: Pensions Dashboards Programme

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Pensions dashboards are intended to allow people to view information about their pensions – including State Pension – online, securely and in one place. DWP has delegated responsibility for delivering the Pensions Dashboards Programme (PDP) to one of its arm’s-length bodies, the Money and Pensions Service (MaPS). The purpose of the PDP is to design and implement the digital architecture needed to make pensions dashboards work across the UK, allowing private sector providers to develop their own dashboards and government to develop a non-commercial dashboard. The digital architecture will connect pension providers and schemes with dashboards, enabling the flow of data between them so that users can search for and receive accurate pensions information.

National Audit Office report findings

In March 2023, the Pensions Minister announced that the PDP needed more time to deliver the pensions dashboards digital architecture and connect pension providers and schemes, and that the programme would be reset. Our May 2024 [Investigation into the Pensions Dashboards Programme](#) found that a range of factors had contributed to problems in delivering the programme, including a lack of resources with the necessary skills and experience, and ineffective and complex programme governance. The reset process and reviews of the programme resulted in changes to the PDP’s timetable, costs and benefits and in how DWP works with its arm’s-length bodies.

Timetable

Pension providers and schemes are now required to connect to the PDP’s digital architecture by 31 October 2026, one year later than the final connection deadline in the original staged timetable. DWP has not yet specified when pensions dashboards will become available to the public but, due to the later connection deadline, this is expected to be later than previously expected.

Costs and benefits

The estimated cost of the PDP has risen from £235 million in 2020 to £289 million in 2023, an increase of 23% in cash terms. The estimated benefits of the PDP have decreased by 5% to £413 million, based on an assessment of how much people would be willing to pay for a pensions dashboard and the value of lost pension pots recovered.

Lessons learned

At the time of our report, DWP and MaPS had begun to make changes in response to lessons from the programme, focusing particularly on DWP’s relationship with its arm’s-length bodies. For example, DWP’s review of the PDP identified that it needs to clarify its relationship and accountabilities with arm’s-length bodies on programme delivery. In response, DWP is strengthening arm’s-length bodies’ links to its governance arrangements such as the

departmental change portfolio board and the investment committee. DWP’s review also identified that it needs to ensure that its functions, such as digital, recognise the importance of, and prioritise adequate support for, arm’s-length bodies. In response, DWP has improved the support and assurance offer from its functional areas to arm’s-length bodies.

11 DWP customer service

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DWP has a responsibility to provide good customer service – 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. DWP's customer base is growing because of a range of economic and societal factors, including a rapid rise in Universal Credit claimants during the COVID-19 pandemic and an increasing number of people with long-term health problems and disabilities. 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 2.4 million (11.8%).

National Audit Office report findings

Our July 2024 report on [DWP customer service](#) concluded that, faced with growing demand and a challenging operational context, DWP's customer service has fallen short of expected standards over recent years. It is generally not meeting its performance standards for customer satisfaction, payment timeliness and answering calls to its in-house telephone lines.

Customer satisfaction

From 2020-21 to 2022-23, DWP fell slightly short of its benchmark for good performance, which is for 85% of customers to be satisfied with the service they received. In 2020-21, DWP recorded its highest satisfaction score, with 88% of surveyed customers satisfied with the service received. DWP attributes this to customers welcoming changes it made to streamline processes during the COVID-19 pandemic. In the following two years, DWP fell short of its benchmark, with 83% of customers being 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 Personal Independence Payment (PIP) claimants.



Section 11:

DWP customer service *continued*

National Audit Office report findings *continued*

Payment timeliness

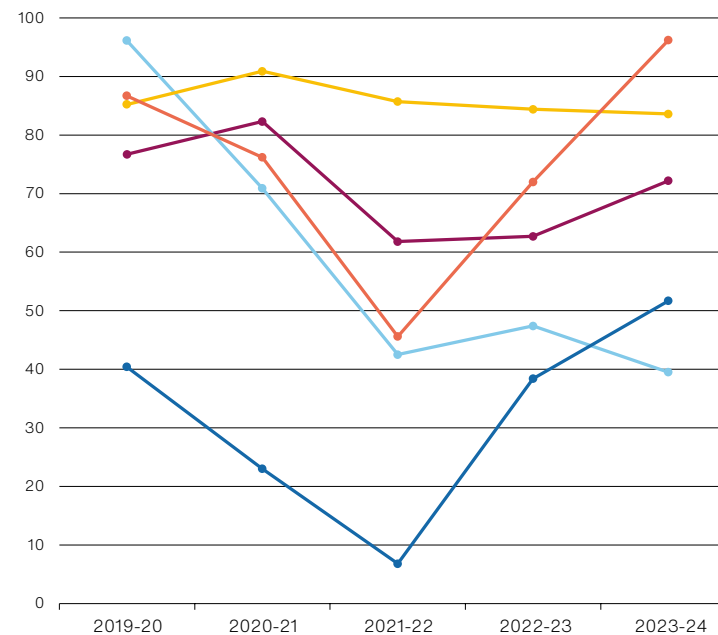
DWP's payment timeliness improved during the COVID-19 pandemic but has fallen since then, with 72% of new claims processed on time in 2023-24. In 2020-21, DWP's performance increased to 82%, as it prioritised processing high volumes of claims quickly so people did not face financial hardship during the 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%.

Proportion of new benefit claims processed within planned timescales, 2019-20 to 2023-24

Overall, the proportion of new claims that the Department for Work & Pensions (DWP) processed on time fell from 77% in 2019-20 to 72% in 2023-24

Proportion of new claims processed within timescales (%)



Notes

- 1 The combined measure covers new claims for Child Maintenance, Disability Living Allowance for children, Employment and Support Allowance (ESA), Jobseeker's Allowance, Pension Credit, Personal Independence Payment (PIP), State Pension and Universal Credit (UC).
- 2 We present performance for four individual benefits to indicate variation. We selected these benefits based on scale and to reflect the diversity of DWP's customers. The time DWP allows to process new claims varies as follows: ESA – 10 working days, PIP – 75 working days, State Pension – 10 working days, and UC – 5 weeks.

| | Standard | | | | |
|------------------------------------|----------|---------|---------|---------|---------|
| | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| ● Combined measure | 77 | 82 | 62 | 63 | 72 |
| ● Employment and Support Allowance | 96 | 71 | 43 | 47 | 40 |
| ● Personal Independence Payment | 40 | 23 | 7 | 38 | 52 |
| ● Universal Credit | 85 | 91 | 86 | 84 | 84 |
| ● State Pension | 87 | 76 | 46 | 72 | 96 |

Source: Comptroller and Auditor General, *DWP customer service*, Session 2024-25, HC 127, National Audit Office, July 2024 (Figure 7)

Section 11:

DWP customer service *continued*

National Audit Office report findings *continued*

Telephony performance

Except for Universal Credit claimants, most customers contact DWP by telephone when they have queries. DWP outsources part of its telephony services to two contractors, who handle around half of calls.

Taking its in-house and outsourced lines together, DWP answered 85% of calls (36.7 million calls) in 2023-24. Customers waited an average of 8 minutes and 34 seconds for their calls to be answered.

In calculating the percentage of calls answered, DWP excludes calls which were not assigned to a queue. In 2023-24, 10% of calls to DWP's in-house lines were blocked (not assigned to a queue because the queues were full) and 4% were deflected (not assigned to a queue for other reasons). Including these 3.6 million calls in the calculation would reduce the proportion of calls answered in 2023-24 to 66%.

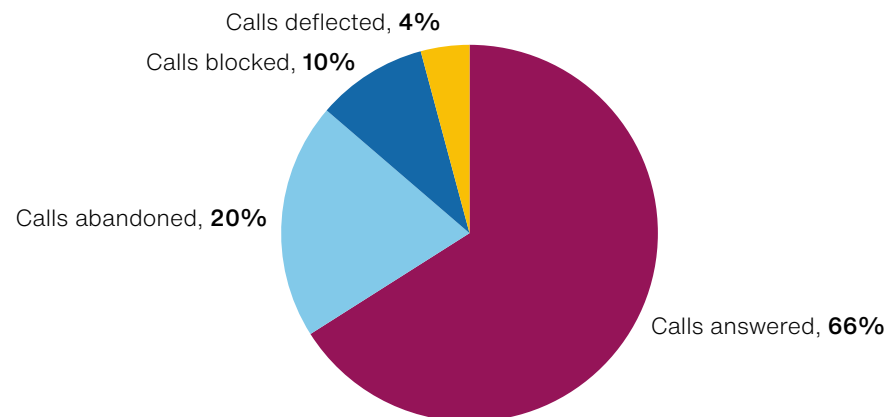
Since 2020-21, DWP's in-house telephone lines have not met their performance standard for answering customer calls, although its outsourced providers have performed better. DWP aims to answer 85% of calls to its in-house lines. In 2020-21, it answered 86% of calls, exceeding the standard. Performance 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.

DWP's plans for improving customer service

In 2022, DWP set out a vision to be a customer-focused organisation. Its modernisation plans have the potential to transform how customers interact with its services, and it has set out a wide range of potential benefits such as access to self-service options and smoother customer journeys. DWP's Service Modernisation Programme is critical to implementing the changes needed to transform services and includes initiatives such as a 'conversational platform' whereby customers interact with a virtual telephone agent. The scale and complexity of the programme mean delivery involves significant risk, and we concluded that DWP is unlikely to achieve in the short term the improvements that are needed.

Outcomes of calls to the Department for Work & Pensions' (DWP's) in-house telephone lines, 2023-24

In 2023-24, 14% of calls to DWP's in-house lines were blocked or deflected, meaning they did not reach the point of being assigned to a queue



Notes

- 1 Calls answered are calls which DWP's agents picked up from the queues.
- 2 Calls abandoned are calls which were assigned to the queues but where customers hung up, potentially due to long waiting times or because they received the information they needed from a pre-recorded message while they were waiting.
- 3 Calls blocked are calls which DWP did not assign to a queue because the queues were full.
- 4 Calls deflected are calls which DWP did not assign to a queue for other reasons, such as customers calling just before lines closed at the end of the day.
- 5 In total there were 26.2 million calls to DWP's in-house lines in 2023-24.

Source: Comptroller and Auditor General, *DWP customer service*, Session 2024-25, HC 127, National Audit Office, July 2024 (Figure 9)

12 Complaints and appeals

DWP monitors data on complaints and appeals as part of its aim to deliver high-quality services and improve customer experience.

Complaints

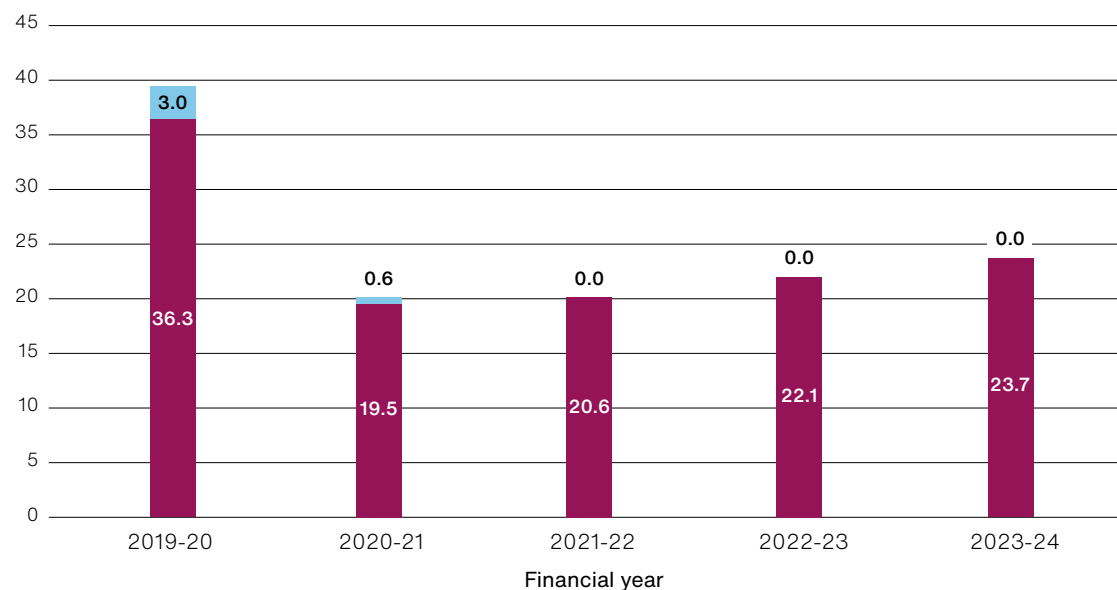
The number of complaints about DWP's services increased by 7% from 22,100 in 2022-23 to 23,700 in 2023-24. However, this figure remains substantially lower than before the COVID-19 pandemic.

Customers can ask the Independent Case Examiner (ICE) to investigate their complaint if, having completed DWP's complaints process, they remain dissatisfied with the outcome. The ICE received 5,634 complaints about DWP's services in 2023-24, an increase of 19% compared with 2022-23. Of the complaints it received, the ICE accepted 1,756.

Customer complaints about the Department for Work & Pensions (DWP), 2019-20 to 2023-24

After falling from 2019-20 to 2020-21, the number of complaints has been gradually increasing since 2020-21

Number of complaints (thousands)



- Tier 1 complaints
- Tier 2 complaints

Notes

- 1 DWP moved to a single-tier complaints service in July 2020. Before then, it had two tiers: Tier 1, where complaints were handled by local complaints teams who investigated the complaint and took action to resolve it; and Tier 2, where, if a customer wished to escalate the complaint, it was reviewed by a specialist complaint resolution manager.
- 2 Figures exclude provider complaints, which are managed by the providers themselves and escalated directly to the Independent Case Examiner if unresolved.

Source: National Audit Office analysis of the Department for Work & Pensions complaints data for 2019-20 to 2023-24

Section 12:

Complaints and appeals *continued*

Appeals

Claimants who disagree with DWP's decision about benefits or child maintenance can ask it to review the decision through a 'mandatory reconsideration'. Following a mandatory reconsideration, claimants can appeal to the Social Security and Child Support Tribunal.

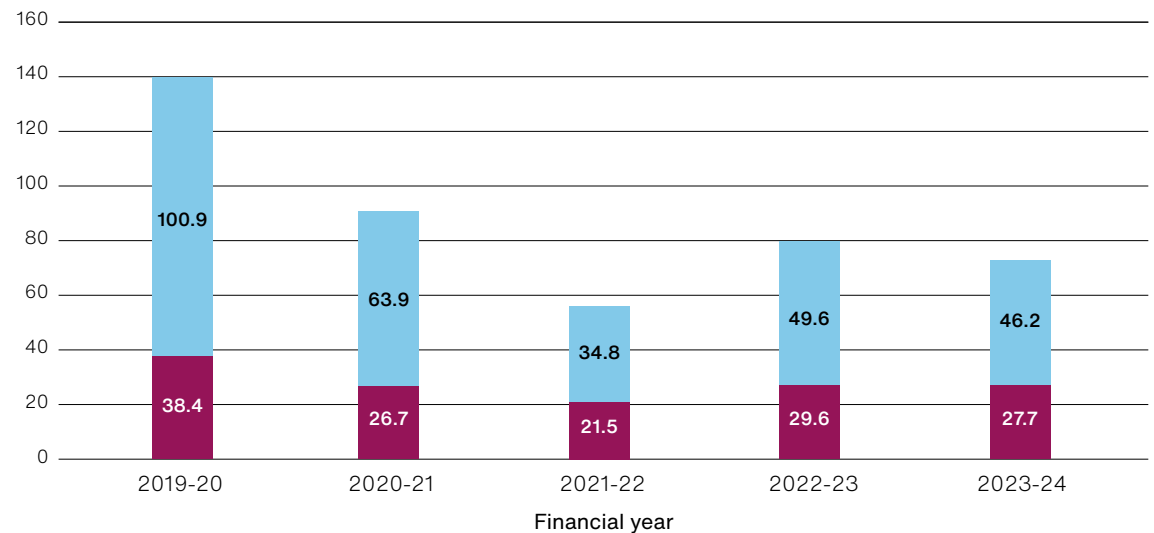
The number of appeals to the tribunal decreased slightly from 137,200 in 2022-23 to 136,900 in 2023-24. Disability benefits make up most of the appeal cases that the tribunal hears, with Personal Independence Payment accounting for 63% of all cases heard in 2023-24.

In 2023-24, the tribunal found in favour of the claimant in 46,200 cases (62%).

Cases heard by Social Security and Child Support Tribunal by outcome, 2019-20 to 2023-24

The tribunal found in favour of the claimant in nearly two-thirds of cases in 2023-24

Number of appeals heard (thousands)



- Decisions upheld
- Decisions in favour of claimant

Notes

- 1 'Decisions upheld' are cases where the tribunal upholds the decision of the Department for Work & Pensions.
- 2 'Decisions in favour of claimant' are cases where the original decision is revised in favour of the customer.

Source: National Audit Office analysis of HM Courts & Tribunals Service data, *Tribunal Statistics Quarterly: January to March 2024*



13 Fraud and error in benefit expenditure

The Comptroller and Auditor General (C&AG) has qualified his opinion on the regularity of DWP's accounts for the past 36 years due to the material level of fraud and error in benefit expenditure. Regularity relates to whether money has been spent as Parliament intended, for example whether spending complies with relevant legislation. State Pension is excluded from the qualification because it has a significantly lower level of fraud and error. The C&AG's [report on DWP's 2023-24 accounts](#) provides more detail.

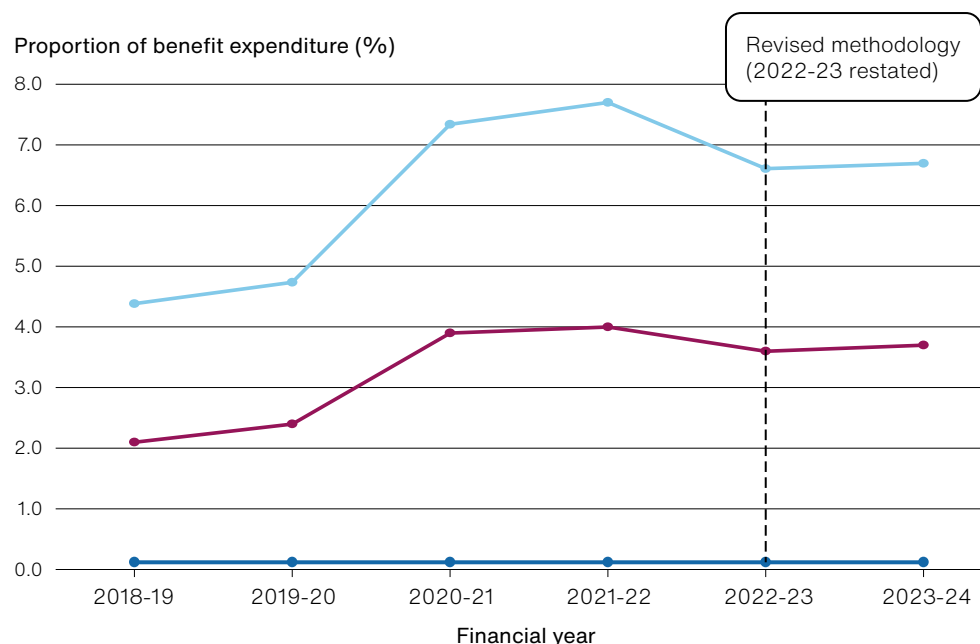
Overpayments (excluding State Pension)

Fraud and error rose during the COVID-19 pandemic as DWP temporarily relaxed some controls in order to handle the large increase in claims. The level of benefits overpaid peaked at 7.7% in 2021-22. It has fallen since then but remains higher than before the pandemic. DWP estimates overpayments were 6.7% (£9.5 billion) in 2023-24. It previously expected fraud and error to return to pre-pandemic levels by 2027-28, but now says it cannot commit to substantially reducing the level of fraud and error, based on current plans.

Two-thirds of all overpayments by value relate to Universal Credit (UC). DWP estimates that UC overpayments were 12.4% (£6.5 billion) in 2023-24.

Estimated levels of benefit overpayments as a percentage of total benefit expenditure, 2018-19 to 2023-24

Overpayments of benefit expenditure excluding State Pension increased slightly in 2023-24 and remain higher than pre-pandemic levels



| | | | | | | |
|--|-----|-----|-----|-----|-----|-----|
| ● All overpayments | 2.1 | 2.4 | 3.9 | 4.0 | 3.6 | 3.7 |
| ● Overpayments (excluding State Pension) | 4.4 | 4.7 | 7.3 | 7.7 | 6.6 | 6.7 |
| ● State Pension overpayments | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |

Note

1 See full report for notes.

Section 13:

Fraud and error in benefit expenditure *continued*

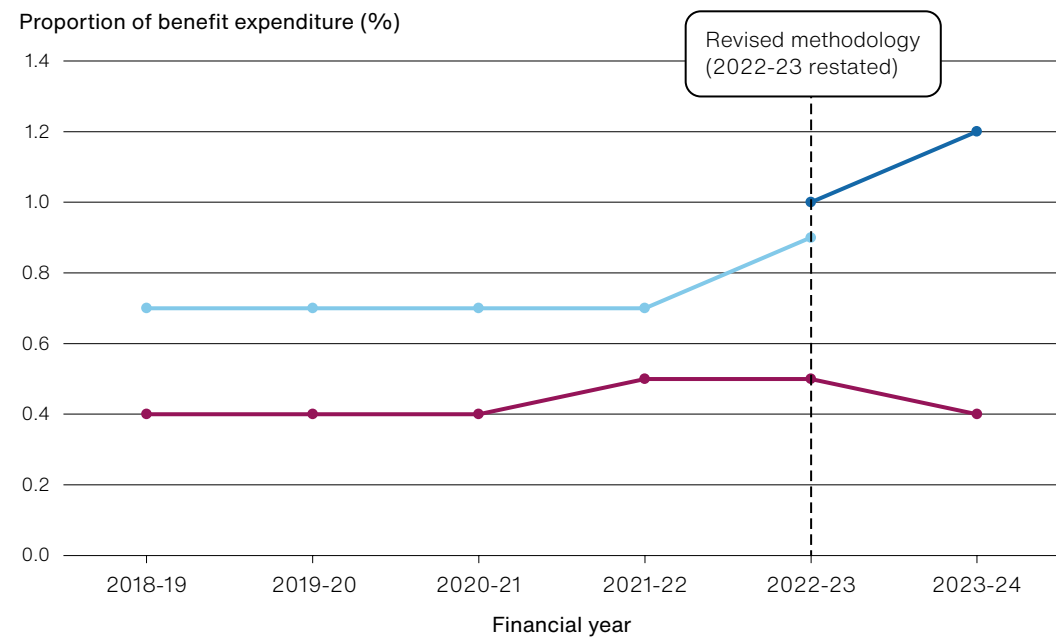
Underpayments

In 2023-24, claimants received an estimated 1.6% (£4.2 billion) less than they were eligible for. Official error accounted for £1.1 billion of underpayments in 2023-24, while unfulfilled eligibility accounted for £3.1 billion. DWP previously referred to unfulfilled eligibility as claimant error underpayments. Unfulfilled eligibility is where claimants – by error, omission or choice – fail to provide accurate information or evidence to DWP and as a result do not receive the full amount of benefit they are entitled to. For example, claimants do not inform DWP of a change in circumstances that would increase their benefit payment.

Underpayment rates are highest for disability benefits. The increase in underpayments in 2023-24 was mainly due to Disability Living Allowance, where DWP's estimate of unfulfilled eligibility was 11.1% (£750 million).

Estimated levels of benefit underpayments and unfulfilled eligibility as a percentage of total benefit expenditure, 2018-19 to 2023-24

Claimants are increasingly receiving less benefit than their circumstances suggest they are entitled to



| | | | | | | |
|---------------------------|-----|-----|-----|-----|-----|-----|
| ● Official error | 0.4 | 0.4 | 0.4 | 0.5 | 0.5 | 0.4 |
| ● Claimant error | 0.7 | 0.7 | 0.7 | 0.7 | 0.9 | |
| ● Unfulfilled eligibility | | | | | 1.0 | 1.2 |

Note

1 See full report for notes.

Source: Comptroller and Auditor General, *Report on Accounts, Department for Work & Pensions*, National Audit Office, July 2024 (Figure 3)

14 DWP's plan to reduce fraud and error

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In May 2022, DWP set out its plan to tackle fraud and error in its strategy [Fighting Fraud in the Welfare System](#). Its plan comprised three main areas of activity: investment in counter-fraud professionals and data analytics; creating new legal powers to investigate potential fraud and punish fraudsters when Parliamentary time allowed; and working closely with the public and private sectors. DWP expects to deliver £9.0 billion of savings from its plan by 2027-28, plus an additional £600 million by 2028-29.

In May 2024, DWP published a [progress update](#) on what it has delivered against the commitments in its fraud plan (see page 25). It also set out its priorities, such as:

- **Targeted Case Reviews (TCRs):** DWP plans to scale up its TCRs team to almost 6,000 staff by March 2025, with the aim of realising expected savings of almost £6.6 billion by the end of 2027-28.
- **Data analytics and new data sources:** DWP plans to invest £70 million by 2024-25 in advanced data analytics and new data sources to prevent fraud, with the aim of realising expected savings of around £1.6 billion by 2030-31.

Savings targets

DWP reported that, in 2022-23, it saved over £1.1 billion from its counter-fraud activity. It went on to set a savings target of £1.3 billion for 2023-24, with funding of £900 million to deliver this. DWP's initial fraud and error savings estimates for 2023-24 indicated that it had exceeded its target, with estimated savings of £1.35 billion.

The medium-term outlook

DWP's forecasts show it has further work to do to reduce fraud and error. It no longer expects Universal Credit fraud and error to return to the levels seen before the significant increase during the COVID-19 pandemic, which it says is due to increasing propensity for fraud in society. It has assumed a 5% increase in fraudulent behaviour each year in its forecasting.



Section 14:

DWP's plan to reduce fraud and error *continued*

The Department for Work & Pensions' (DWP's) progress in delivering its fraud plan, May 2024

DWP's approach to tackling fraud and error covers three main areas of activity

1 Investing in counter-fraud professionals and data analytics

Targeted Case Reviews

- Recruited more than 3,000 staff to undertake reviews of existing Universal Credit claims.

Counter fraud, compliance and debt

- Recruited an extra 1,400 new counter-fraud professionals.

Data analytics

- Bolstering the use of data to prevent and detect fraud, such as using multiple data sources, including real-time incomes data from HM Revenue & Customs (HMRC), to help determine whether benefits are being paid correctly.
- Using its Integrated Risk and Intelligence Service to bring together advice from different subject matter experts – such as data science, digital and technology – on fraud, error and debt risks.

2 Creating new legal powers when Parliamentary time allowed

Third-party data

- Prioritised the development of a new third-party data gathering measure. The Data Protection and Digital Information Bill, which was introduced in 2023 by the then government, included provisions which would have required third parties to provide relevant information to DWP to help identify cases which merited further consideration as to whether benefits were being paid correctly.
- The Bill fell when Parliament was dissolved in May 2024 ahead of the general election. In September 2024, the new government announced that it would bring forward a Fraud, Error and Debt Bill in this Parliamentary session to tackle fraud in the social security system.

3 Working closely with the public and private sectors

Cross-government working

- Collaborating with the Public Sector Fraud Authority, which is the government's centre of expertise for management of fraud against the public sector.
- Setting up a joint counter-fraud partnership with HMRC to collaborate on shared risks in relation to welfare and tax fraud.

Fraud prevention advice and funding

- Launched the Fraud Prevention Advisory Group in April 2023 to bring together expertise on fraud from across the public and private sectors and academia.
- Established the Fraud Prevention Fund, which has £30 million to invest in and test solutions to DWP's fraud and error problems. At May 2024, the Fund was supporting 15 projects.

15 More insights from our work on DWP

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Alongside reports focusing on DWP, the NAO also produces reports on cross-cutting issues relevant to multiple government departments, and lessons learned reports designed to make it easier for others to understand and apply the lessons from our work. Recent examples of these types of report, with particular relevance to DWP, include the following.

Civil service workforce: Recruitment, pay and performance management

Our November 2023 report identified potential areas where departments could make efficiency improvements to some of their key human resources processes. We examined recruitment, pay and performance management because each of these areas has significant impacts on overall staff costs or organisational performance.

We found that, at March 2022, five large delivery departments accounted for 62% of total civil service salary costs, with each spending more than £1 billion annually: DWP, the Ministry of Justice, HM Revenue & Customs, the Ministry of Defence and the Home Office. Our findings also included that DWP had the slowest recruitment time across departments, taking on average 122 calendar days to hire employees. The overall departmental average time to hire was 100 calendar days, or just over three months.

Investigation into whistleblowing in the civil service

Our December 2023 investigation identified slow and inconsistent progress since 2014 in improving processes for managing whistleblowing in the civil service. We identified that government faces significant challenges, particularly in how it:

- raises awareness and encourages people to raise concerns;
- improves the experience for whistleblowers; and
- uses learning to improve whistleblowing arrangements

In February 2024, we published a [good practice guide](#) with wider insights from our work in these three areas. Our guide included two DWP case studies, highlighting its good practice approach to whistleblowing.

- 1 Being explicit about the consequences for deterring whistleblowing: DWP includes explicit reference to the consequences of deterring whistleblowing or punishing whistleblowers in its disciplinary guidance.
- 2 Integrating staff preferences into the reporting options and communication about whistleblowing: DWP tries to avoid a one-size-fits-all approach to whistleblowing. It offers people choices in how they raise concerns and sources of support – staff are more likely to use a route or source of support that they are comfortable with, chosen by them.

Use of artificial intelligence (AI) in government

Our March 2024 report on use of AI in government considered how effectively the government has set itself up to maximise the opportunities and mitigate the risks of AI in providing public services.

DWP was one of four case studies, selected because these bodies had experience of deploying or piloting AI use cases. We found that DWP was in the process of developing an AI strategy as part of its wider digital and data strategy. In summer 2023, it established an AI steering board to set the strategic direction for AI and oversee the use of AI in the department. To provide further scrutiny of AI deployment, it also established a separate advice and assurance group to examine proposed AI use cases.

Government's general grant schemes

Our July 2024 report examined how effective central government is at designing and delivering general grant schemes, and whether it uses lessons learned from past schemes to improve future delivery.

The report highlighted a good practice example in grant monitoring and evaluation carried out by DWP. We found that the analysts evaluating DWP's Household Support Fund worked collaboratively with the policy and delivery teams to ensure that the evaluation met their needs. We also noted that, after the completion of each scheme round, DWP had published summary monitoring information for transparency.

16 Things to look out for

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Back to work plan

In July 2024, the new government announced its intention to reform the system of employment support in order to tackle economic inactivity. It has a long-term ambition to reach 80% employment, with better quality of work and higher earnings. The government said that, as part of its 'Growth Mission', it will publish a white paper which will build on its manifesto commitments of a three-pillared approach to support people into work.

- A new national jobs and careers service: DWP plans to merge Jobcentre Plus with the National Careers Service with the aim of helping more people find employment, and supporting those seeking better opportunities to secure higher-paying jobs.
- New work, health and skills plans for the economically inactive, led by Mayors and local areas: DWP is proposing to devolve new powers over employment support to local areas to allow them to shape a more joined-up work, health and skills offer tailored to people's needs.
- A youth guarantee: DWP plans to offer training, an apprenticeship or help to find work for all young people aged 18 to 21.

Look out for: publication of DWP's white paper with more detailed proposals for reforming the system of employment support.

Addressing child poverty

In July 2024, the Prime Minister appointed the Work and Pensions Secretary and the Education Secretary as the joint leads of a ministerial taskforce to begin work on a strategy to tackle child poverty. The taskforce is supported by a unit in the Cabinet Office, bringing together officials from across government and external experts.

Also in July 2024, DWP extended its [consultation on improving the collection and transfer of child maintenance payments](#) to September 2024 to allow more time for engagement from external organisations on its proposals. It initially launched the consultation in May 2024 in a bid to consider how it could use the Child Maintenance Service to increase the number of children being kept out of poverty. The service calculates, collects and pays out maintenance payments on behalf of some separated parents.

Look out for: progress in developing the child poverty strategy and DWP's response following the consultation on child maintenance payments.

Treatment of disabled benefits claimants

In May 2024, the Equality and Human Rights Commission (EHRC) launched an investigation into suspicions that successive Secretaries of State may have broken equality law in the treatment of disabled benefits claimants. The EHRC said that its investigation would focus on whether DWP has failed to make reasonable adjustments for disabled people with learning disabilities or long-term mental health conditions during health assessments for some benefits.

Alongside the investigation, the EHRC will also be assessing whether the Secretary of State has failed to comply with Public Sector Equality Duty obligations. These obligations require public sector bodies to consider equality and prevent discrimination in their day-to-day operations. The EHRC will assess DWP's compliance with the duty when developing, implementing and monitoring policy guidance related to health assessment determinations.

Look out for: the outcome of the EHRC's investigation into the treatment of disabled benefits claimants and assessment of whether DWP has complied with Public Sector Equality Duty obligations.

Section 16:

Things to look out for *continued*

Underpayments of State Pension

DWP estimates that around 194,000 people were underpaid State Pension due to historical issues relating to Home Responsibilities Protection (HRP). These issues affected people (mostly women) who had received Child Benefit and whose National Insurance (NI) records were not updated to reflect periods of HRP they were entitled to.

DWP is working with HM Revenue & Customs (HMRC) to take corrective action, which it expects will continue until 2027-28. In September 2023, HMRC began writing to people it thinks may be missing HRP, inviting them to make a claim. Once a pensioner's NI record has been corrected, this information is passed to DWP to calculate an updated State Pension and pay any arrears due.

DWP estimates that it underpaid between £520 million and £1,220 million of State Pension because of errors with the recording of HRP. At March 2024, it had reviewed 419 cases and paid arrears of £2.2 million.

Look out for: DWP's progress in reviewing cases and paying arrears to people who have been underpaid State Pension due to issues relating to HRP.

Issues associated with changes to women's State Pension age

The 1995 Pensions Act and later laws raised the State Pension age for women born on or after 6 April 1950. The Parliamentary and Health Service Ombudsman investigated complaints that, since 1995, DWP failed to provide accurate, adequate and timely information about changes to the State Pension age for women and the number of qualifying years of NI contributions needed to claim the full rate of State Pension. The Ombudsman found failings in DWP's communications and concluded these were maladministration.

In their [March 2024 report](#), the Ombudsman noted that what DWP had said during the investigation, and the fact that it was yet to acknowledge its maladministration, led them to believe that DWP would not remedy the injustice. The Ombudsman therefore asked Parliament to intervene to identify a mechanism for providing appropriate remedy, given the scale of the impact of DWP's maladministration and the urgent need for a remedy.

An estimated 3.8 million women born in the 1950s were affected by the change to State Pension age.

Look out for: action taken in response to the Ombudsman's recommendation that the women affected by the maladministration should receive financial redress.

Take-up of Pension Credit

Pension Credit, which averages £3,900 a year, is a benefit intended to help with daily living costs for people over State Pension age and on a low income. At February 2024, there were 1.4 million Pension Credit claimants, but DWP estimated that up to 880,000 eligible households were not claiming it. In 2023-24, it continued to promote Pension Credit uptake through an awareness campaign.

In July 2024, the government announced changes which mean that people not on Pension Credit or other means-tested benefits will no longer receive the annual Winter Fuel payments. In September 2024, DWP launched a national awareness campaign to encourage pensioner households to claim Pension Credit.

Look out for: how DWP continues to promote Pension Credit and changes in take-up.